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Japan's vital interest in Korea, Page 20

World News

Rioters in Rio burn buses over fares rise

Rioters in central Rio de Janeiro burnt at least nine buses and police cars, damaged a score more, and skirmished amid tear gas with baton-wielding riot police in protest at a 50 per cent rise in state bus fares.

The new outbreak of violence looks certain to raise social tensions already mounting in Brazil, following the rapid deterioration of the inflation-wracked economy over recent months. Page 4

Chun may accept

President Chun Doo Hwan of South Korea intended to accept a plan calling for direct presidential elections, his aides indicated hours before he was due to make a statement on the future of the nation. Page 20

Emergency ends

Panama's Government lifted a nationwide state of emergency, 20 days after it was imposed to quell violent anti-government disturbances.

W. German alert

West Germany tightened security at borders and airports to guard against possible extremist attacks following a government decision to try a Lebanese hijack suspect for murder.

General vetoed

Turkish Prime Minister Turgut Ozal vetoed the appointment of a general who was expected to become the next armed forces chief - and the general resigned as chief of the land forces.

Ferry occupied

British tourists were temporarily stranded in Cherbourg, northern France, when striking French port workers occupied a Cross-Channel ferry for several hours to protest against redundancies.

Lawyers protest

Thousands of lawyers in Egypt walked out of courts in protest against detentions under emergency powers and opposition parties staged a demonstration outside the High Court in Cairo.

Lavi problem

A report by Israel's independent State Comptroller sharply criticised government management of the Lavi warplane project and said it would strain the economy if continued. **Rabin seeks US aid pledge, Page 4**

Fiji halts harvest

Fiji ordered sugar cane farmers to stop harvesting and suspended all mill workers for a month in retaliation for what it described as political sabotage to destroy the island's main export industry.

Haiti strike

Anti-government protests erupted in several Haitian cities and demonstrators called for the resignation of the ruling council as a general strike entered its second day.

Barbie hearing

The prosecutor asked the court trying former Lyons Gestapo chief Klaus Barbie for crimes against humanity to impose life imprisonment.

Philippines ambush

Communist rebels killed 10 Philippine soldiers and blew up a light tank when they ambushed a convoy on its way to help an army outpost under guerrilla attack.

Jews 'whipped'

Iranian Revolutionary Guards arrested all 120 guests at a Jewish engagement party in Tehran and subsequently gave each of them 75 lashes after alcohol was found on the premises, Israel state radio reported.

Tour de Frontier

The US Tour de France cycle team, training in West Berlin, strayed across the fortified border into East Germany - and bolted back again after being stopped by angry border guards.

Business Summary

End of line for Santa Fe merger deal

SANTA FE and Southern Pacific's proposed merger will have to be dismantled following a decision by the US interstate Commerce Commission not to reconsider its decision to block the \$6.4bn link-up of both railways which would have created the third biggest US railroad. Page 29

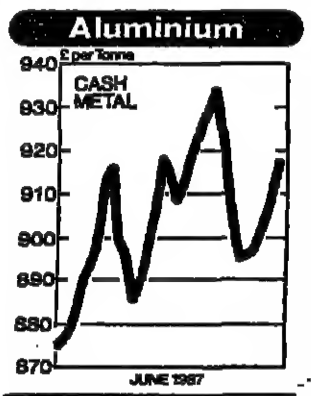
BANQUE NATIONAL DE PARIS, France's biggest bank, has spun off its shareholdings in a company, Compagnie d'Investissements de Paris, which will be floated next week on the Paris bourse. Page 44

WALL STREET: The Dow Jones industrial average closed down 28.38 at 2,418.53. Page 46

DOLLAR fell in London to DM 1.8270 (DM 1.8305); to SFr 1.5155 (SFr 1.5220); to FFr 6.0965 (FFr 6.1075); and Y146.90. On Bank of England figures the dollar's exchange rate index fell 0.1 to 102.3. Page 35

STERLING rose in London to \$1.6135 (\$1.6010); to DM 2.9450 (DM 2.9305); to Y236.75 (Y235.0); to SFr 2.4450 (SFr 2.4450; and to FFr 9.8250 (FFr 9.7775). The pound's exchange rate index rose 0.3 to 72.3. Page 35

ALUMINIUM: At £918.75 a tonne the cash standard aluminium price added £12.25 to Monday's



£9.50 advance, in what dealers called comparatively thin trading conditions. **Commodities, Page 34**

GOLD fell on the London bullion market to close at \$446.75 (449.85). In Zurich it also fell to \$447.15 (\$448.75). Page 34

TOKYO: Small-lot selling depressed utilities, financials and other demand-related issues to send share prices sharply lower. The Nikkei average fell 333.01 to 24,176.40. Page 46

LONDON: A rally sparked by GEC's good results and dividend payments failed to lift London equities. The FT-SE 100 index closed down 5.2 at 2,284.1 and the FT Ordinary index lost 2.0 to 1,782.6. Details Page 42

LANDMARK HOLDINGS, publicly listed company controlled until recently by Tan Sri Chong Kok Lim, 70 year old beleagured Malaysian industrialist, recorded and extraordinary loss of 98m ringgit (\$39.2m), pushing after-tax attributable losses to 99.8m ringgit for the year ended December 1986. This compared with a net profit of 4.7m ringgit in 1985. Page 21

GOTABANKEN, Sweden's fourth largest publicly quoted commercial bank, agreed to sell two of its subsidiaries - Gigab and Mercantil leasing - to Gota Group, its holding company, for SKr 730m (\$114.3m) as part of plans made last December to create a new banking and financial services group. Page 22

GOTAVERKEN ARENDAL, Swedish state-owned offshore technology company, has agreed to buy a 13 per cent stake in Kvaerner, leading Norwegian engineering group, for about SKr 300m (\$48m) as part of its plan to strengthen ties with the Norwegian offshore industry. Page 22

PHILIPS of the Netherlands, big electronics group, said it had produced its first prototpe 1 megabit chip – latest generation of integrated circuits (IC) – as part of its " megaproject " joint venture with Siemens of West Germany. Page 6

Thatcher stands alone against EC farm price reform

BY QUENTIN PEEL IN BRUSSELS

ELEVEN MEMBER states of the European Community yesterday backed a plan for a radical overhaul of their future finances, leaving Mrs Margaret Thatcher, the British Prime Minister, angrily refusing to give her assent.

The summit lasted late into the evening as the heads of state and government struggled to reconcile their differences over how to control soaring farm spending, and fill an ever growing budget gap.

At the end, all except Mrs Thatcher gave their blessing to a plan which would seek to impose a system of legally binding budget discipline, but at the same time agree to a major increase in funds for the poorest regions of the Community.

"The lack of unanimity stems from a refusal to accept to things," Mrs Thatcher said afterwards. One was her rejection of "the current bloated level of agricultural spending" as the base for calculating its future growth. The other was her refusal "to commit ourselves to increase the Community's resources before we have established effective and binding control over the use of that money," she said.

In spite of the disarray, the summit managed to find the basis of a solution to the Community's two most pressing financial problems: the deadlock on farm prices and the gap in its 1987 budget.

The EC leaders tacitly agreed to abandon a proposal for a tax on vegetable and marine oils and fats, which had threatened to precipitate a new trade war with the US and other suppliers. Mr Jacques Delors, president of the European Commission, said that there was a clear blocking minority and "with the US and the multinationals frowning on us, there is not much that we can do."

They also gave their blessing to a Franco-German deal on reform of the complex agri-monetary system underpinning EC farm prices - in spite of the fact that it will almost certainly remove all the remaining savings from the current farm price package.

Mr Delors admitted that it was "not a monument to economic rationality," but he was clearly relieved that what he called the "verbal slanging match" between Paris and Bonn had been at least temporarily resolved.

The EC leaders also agreed on ways of meeting the immediate budget shortfall for 1987, but switching farm payments made in advance to being made in arrears, and using up all possible available savings in other sectors.

However, on the long term they could not resolve the differences in emphasis between the British Prime Minister and the rest.

Mr Ruud Lubbers, the Dutch Prime Minister, said the final failure to agree was "more psychological than real."

Mrs Thatcher made one small concession to the majority, by agreeing that joint EC research programmes go ahead, in spite of a British blockage on an overall Ecu5.7bn framework programme. The final compromise - which must be ratified in a Ministerial council - was to keep going with the level of this year's spending, slightly more than Ecu1bn, and reconsider the amount at the Copenhagen summit in December. By that time, it is hoped, an system of budget discipline acceptable to Mrs Thatcher should be in place.

Standardised rates for indirect tax proposed

BY OUR BRUSSELS CORRESPONDENT

HIGHLY controversial plans for common bands of indirect taxation in all European Community member states, which could affect zero value added tax (VAT) rates on items like food and children's clothing in Britain and Ireland, will be presented to the European Commission in Brussels today.

The package, drawn up by Britain's Lord Cockfield, the Commissioner responsible for EC internal trade, is certain to run into fierce resistance from many member states determined to preserve their fiscal independence.

It seeks to bring all VAT rates in the EC into two broad bands - from 14 to 19 per cent for most goods, and from 4 to 9 per cent for socially sensitive items, such as food, water supplies, passenger transport and the like. It would also propose common rates, without flexibility, for excise duties on wines and spirits, beer, cigarettes and petrol - which could have dramatic effects on prices for those products in many member states.

The package has been prepared in the services of the Commission for many months, as a key element in the policy document on removing EC internal barriers to trade published by Lord Cockfield in 1985. He regards the plans for "fiscal approximation" as a vital part of the programme to create a genuine 12-nation common market by 1992, because he sees it as essential in order to scrap all tax controls from EC internal frontiers.

Lord Cockfield has pressed ahead with his plans in spite of strong resistance from Ministers of Finance, and the obvious embarrassment of the British Government over the possibility that zero rates of VAT would once again be called into question.

Apart from the Britain, whose main VAT rate would be unchanged at 15 per cent, the countries most affected would be Denmark and Ireland. Denmark has very high indirect taxation, with a standard VAT rate of 22 per cent, while the Irish Republic has a standard rate of 25 per cent, and many of the same zero-rated items as Britain.

Huge disparities exist between member states on excise duties, and the Commission plans, which are still unpublished, could be expected to reduce taxation on beer, wine and spirits in Britain, and increase duties on cigarettes in countries like Greece, France, Luxembourg and Italy.

The Commission's aim is to bring tax rates into line only to the extent necessary to remove tax barriers from frontiers. That is the reason for leaving a 5 per cent VAT band, seen as insufficient to cause major cross-border distortions.

However, the reason for common excise duty rates is because VAT is imposed on top of excise duty, and allowing variations in both would mean a larger than 5 per cent variation in VAT.

The whole subject of taxation requires unanimity in the EC Council of Ministers, and many national officials believe Lord Cockfield's plan will be bogged down as a result.

US tax treaty decision plunges Eurobonds market into chaos

BY STEPHEN FIDLER IN LONDON

A US TREASURY decision to terminate its tax treaty with the Netherlands Antilles and Aruba at the year-end plunged the Eurobond market into disarray yesterday, wiping hundreds of millions of dollars off the value of Eurobonds issued by US companies.

The Netherlands Antilles was the main platform for Eurobond issues by US companies until a change in the US tax law in July 1984. More than \$30bn of such bonds are estimated to be still outstanding, about 5 per cent of all Eurobonds.

Those issues worst hit, according to Eurobond traders, were so-called zero coupon issues, which carry no annual interest payment. About \$12bn zero coupon issues are estimated to be in existence.

The price of one issue, a \$350m bond maturing in 1994 for the stores group J.C. Penney, dropped by more than 25 per cent yesterday. The price of \$1,000 worth of bonds dropped \$140 yesterday to \$395.

These are among the most actively traded of the issues affected and, as a consequence, many dealers carry inventories of these bonds. The market declines were said to be more bad news for US securities firms, which have suffered heavy losses from market volatility in the US earlier in the year.

The Treasury decision means that companies which have issued bonds through the Antilles will, from the year end, have to pay 30 per cent withholding tax to the US Government on interest payments they transfer to the two Caribbean islands, independently run parts of the Kingdom of the Netherlands.

Most of the issues carry provisions allowing for the bonds to be called if the tax regime changes. The majority of Eurobonds issued in the early 1980s have been trading at substantial premiums to their call prices because coupons are much higher than those available on new issues.

Issuers, investors, securities firms and lawyers were yesterday examining the fine print of scores of Eurobond prospectuses to see what the call provisions each issue carried.

While bad news for many investors, many of which ironically are in the US, the right to call the large numbers of high-coupon bonds issued in the early 1980s will be welcomed by US companies.

Talks have been going on for some time between the US and the Netherlands Antilles, and the Eurobond market suffered a scare in 1984 when the treaty seemed likely to be terminated by the US. The US has been concerned that the facilities in the Antilles were being used to evade US tax

Lex, Page 20; Eurobonds, Page 23

Italian bank to float bulk of shares in London market

By Alan Friedman in Milan

THE ISTITUTO San Paolo di Torino, Italy's fourth biggest public bank, is planning a ground-breaking partial privatisation share issue of more than \$500m.

In an unusual twist for an Italian privatisation, the bank is hoping to offer more than half of the issue in London and may structure the deal as a Euro-equity offer.

Past privatisation issues for Italian banks have seen an average of 30 per cent of the total shares offered outside Italy.

Today San Paolo is expected to announce in Turin that Mr Giovanni Goria, Italy's Treasury Minister, has signed a special decree designed to alter the bank's statute and thus approve the partial privatisation plan.

Although the bank's board of directors and the Bank of Italy have already signalled their approval, the Treasury's green light is necessary because San Paolo is under the ministry's supervision.

In this respect San Paolo, which has total group assets of L79,563bn (\$60bn), is roughly comparable to Britain's Trustee Savings Bank (TSB) in that the Turin-based commercial bank is controlled as a trust without any recognisable shareholders.

San Paolo is by no means the first Italian public bank to privatise part of its share capital on the stock market, but no other Italian institution has considered going directly to London with the majority of its share issue.

The San Paolo deal, depending on market conditions, is expected to be launched by a consortium of international banks before the end of this year.

Among the lead-managers of the issue, Hambros Bank, in which San Paolo owns a 6.5 per cent shareholding, is likely to figure prominently.

Details need to be decided, but it is expected that the deal will see the offer of around 15 to 20 per cent of San Paolo's savings shares along with a packet of ordinary voting shares.

The planned partial privatisation offer is seen by bank executives as the first tranche of a series of share offers which over the next few years could see the sale of up to 49 per cent of San Paolo's share capital.

San Paolo, which is one of the Euromarket's most active underwriters in the European currency unit (Ecu) bond sector, has grown rapidly in recent years by acquisitions in Italy and abroad.

US to press on with Gulf tanker patrol

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan yesterday signalled his determination to press ahead with plans to put Kuwaiti tankers under US military protection in the Gulf.

The move followed a meeting at the White House with Congressional leaders who expressed concerns about the tactics and the timing of the US initiative.

Mr Reagan also indicated that the White House was responding to demands that it step up its diplomatic efforts to end the Gulf war between Iran and Iraq

The President is urging the UN Security Council to meet before the middle of July to cast a strong and comprehensive resolution calling for a ceasefire in the war.

Mr Vernon Walters, the Administration's Ambassador to the UN, is being despatched on a diplomatic mission to a number of world capitals, starting with Moscow, to try and rally support for the Administration's push in the UN.

Democrats said President Reagan had rejected their pleas to delay providing US naval escorts to the 11 Kuwaiti tankers.

'They are going to plunge ahead,' Mr Alan Cranston, Assistant Senate Democratic leader said, adding that he had 'grave concern that we're headed for another Beirut.'

An Iranian defence official was quoted yesterday by Tehran radio as saying the United States was 'moving toward the brink of an armed encounter with us.' The White House, in what appeared to be a softening of its earlier stance, emphasised that the US was seeking two separate resolutions at the United Nations: one calling for a ceasefire and withdrawal to internationally recognised borders by Iran and Iraq and another which would place effective sanctions to bear on any party which refused to comply.

The White House announcement yesterday indicated that Washington would be in a position to provide adequate military protection for the 11 Kuwaiti tankers which are being placed under the American flag by mid-July.

It cited as the principal justification for the US decision the fact that the United States had vital interests in the Gulf ." We cannot permit a hostile power to establish a dominant position there," said the White House - an indirect reference to the fear that if Washington does not reflag the Kuwaiti vessels, Kuwait may ask the Soviet Union to increase the number of vessels it has agreed to protect.

Iran talks, Page 4

World Bank warns against protection

BY PETER MONTAGNON AND MICHAEL PROWSE IN LONDON

INCREASING LEVELS of trade protection, particularly through non-tariff barriers, threaten to jeopardise world economic recovery and undermine the ability of developing countries to service their foreign debts, according to the World Development Report published by the World Bank today.

"There is a serious risk that increased protection by the industrial nations will set back economic development for many years and inflict unnecessary suffering on some of the poorest people in the world," the bank warns.

Its report urges a co-ordinated range of structural reforms to reduce payments imbalances in the industrial world and strengthen the export industries of developing nations, without which growth would remain sluggish.

The bank says successful reforms would put the world on a high growth path, averaging 4.3 per cent for industrial countries over the next 10 years and 5.9 per cent for developing countries. Without policy changes the rates would remain stuck at 2.5 per cent and 3.9 per cent, respectively.

The low growth path assumes no major policy changes, with only limited cuts in the US budget deficit and continuing high unemployment in Europe. "That would mean slow growth in industrial countries, a rising tide of protectionism and no hope of further trade liberalisation."

Developing countries should become more externally orientated in their trade and economic policies, so as to encourage a shift of resources towards the export sector. This approach involves, for example, the replacement of quantitative import controls with tariffs, as well as the establishment of a realistic exchange rate, it says.

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STRUGGLING TO KEEP THE UPPER HAND

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EUROPEAN NEWS

FRANCO-GERMAN DEAL ON 'GREEN' CURRENCIES

Hope for end to EC farm price deadlock

BY TIM DICKSON

HOPES WERE raised in Brussels last night that a Franco-German farm pact negotiated on the fringes of the European summit might help break the three-month deadlock over the Commission's agricultural price proposals for the current year.

The deal—which covers the contentious system of "green" currencies—was later endorsed by a full session of the heads of state on condition that it run for only one year. It was being studied closely by a special meeting of the European Commission. EC farm ministers, meanwhile, were also gathering in Brussels for another attempt to resolve their problems.

Community officials suggested that the outcome of this meeting could depend on the reactions of other member states and of the European Commission to the Franco-German plan. Bitter differences between Paris and Bonn over the future of the agri-monetary system—which is currently tied to the D-Mark and effectively protects West German farm incomes from currency movements—has been a key sticking point in the recent farm negotiations, though it has not been the only one.

Yesterday's accord, which provides for the gradual removal of West Germany's so-called positive monetary compensatory amounts (MCAs)—subsidies for the country's farm exports, taxes on other countries' farm imports to mitigate the effect of currency changes—had not been costed last night, but it is thought likely to have considerable long term budgetary consequences which may alarm the Commission.

Nor does it cover the equally divisive issue of a Community oils and fats tax, which has aroused fierce opposition from Britain, the Netherlands and West Germany, besides threatening a new trade war with the US, but which Mr Jacques Chirac, the French Prime Minister, described on Monday as "an essential condition for the future development of the Community."

His Farm Minister, Mr Francois Guillaume, yesterday repeated that as far as France was concerned, the controversial tax, designed to raise Ecu 2bn (£1.4bn) for the Community budget in a full year, would remain on the table. He also hinted that France and the Mediterranean states including Greece, taly, and Spain would not be able to accept the present price cuts in the Commission's farm package "if the tax isn't in" and that "it would therefore cost even more."

Diplomats, however, were speculating that one way out would be to take the oils and fats proposal out of the current prices package but "keep it on the shelf" pending further studies and negotiations with international trading partners.

The complex Franco-German deal covers the immediate problem of dismantling existing West German positive MCAs—a long-standing French complaint—as well as setting ground rules for the system in future. Dismantling the existing MCAs (which essentially means a price cut for West German farmers next year) will be implemented in two stages, somewhat more quickly than envisaged in the last official Commission compromise.

Longer term the deal is to continue the current "switch over" system which involves increasing the "green" Ecu after EMS realignment to take it closer to the level of the D-mark. The proposal would effectively instituionalise the inflationary effect of the present system, though it would to a limited extent reduce the opportunity for weak currency countries to achieve farm price increases in national currencies after EMS realignments. If accepted by the Farm Council it could be a setback to the Commission's plan to overhaul the agri-monetary system.

Attempt to resolve UK-Spain airport dispute set to fail

BY WILLIAM DAWKINS IN LUXEMBOURG

A TWELFTH-HOUR attempt to solve the diplomatic row which is blocking a major package of EC airline reforms looked set to fail by yesterday's midnight deadline.

The tense and irritable meeting of EC Transport Ministers was called for the last day of Belgium's troubled six-month period as president of the Council of Ministers.

But despite the urgency accorded to the session, member states struggled with little success to resolve a dispute between Britain and Spain over whether Gibraltar airport should be included in the long deadlocked airline proposals. Failure to agree means that the package would encounter fresh delays rom new administrative procedures introduced today with the coming into force of the single European act.

Mr Herman de Croo, the Belgian Minister chairing the session, said the discussion was complicated and difficult. "If we do not succeed, there is no future liberalisation of European air transport in the years ahead. We have to go on to the bitter end."

Commission officials said failure to agree by today would mean that the Brussels authorities would have to resubmit to the Council new proposals on market acess, the part of the package under dispute. That would have to go to the European Parliament for its opinion before coming back to the council for a voe, a process likely o take several months.

There it could be agreed by a qualified majority of member states under the new voting rules, rather than requiring unanimity as under the old system. Such a situation is thought to favour protectionist states who might seek to modify the package already agreed to.

Spain is alone among the 12 member states in blocking the package, which would improve airlines' acess to new routes and introduce greater competition. The root of the problem is Madrid's demand — raised only last week after two years of intensinve debate over the rest of the scheme — that Gibralter airport should be left out of the new rules. Spain fears that enshrining the Gibraltar's status in EC law would affect the long-running bilateral talks over the disputed UK territory's future.

Britain showed no inclination yesterday to give in to Spain's demands beyond signalling its willingness in principle to allow Gibraltar to be left out of the package for a year, while the two sides try to achieve a solution to its sovereignty, a move which British officials claimed was a "major concession."

However, the UK could not accept a compromise scheme by the Belgian presidency and supported by Spain, for Gibraltar to be kept out of the package until January, 1989, following which the council would then decide on the airport's legal position.

Under the Belgian compromise scheme, Gibraltar could only be brought into the airline plan if Spain and Britain resolved their differences—a big gesture towards Madrid's attempt to link the airline debate to Gibraltar's sovereignty.

Mr Paul Channon, the UK Transport Minister, insisted that Gibraltar should automatically come into the new airline competition rules at the end of its temporary exclusion. Leaving it up to member states to decide in the council opens the risk of Spain imposing an indefinite block on the scheme.

Another idea being floated yesterday was to exclude from the package a proposal for greater access to routes between central hub airports and smaller regional ones, thereby removing the clause at the heart of the Spanish objections but Belgium appeared to be holding out to keep the already emasculated package intact.

Spain could still block the scheme by claiming that it threatened an overriding national interest—and that is an argument which has already been used several times over the past week by Mr Abel Caballero, the Spanish Transport Minister.

Chancellor Kohl (left) and President Mitterrand pictured yesterday before their talks at the French embassy in Brussels

Broadcasting groups vie for access to French satellite

BY GEORGE GRAHAM IN PARIS

BROADCASTING GROUPS from across Europe are battling to win a channel on TDF1, the French direct broadcasting satellite which is due to go into orbit next year.

Nine candidates have submitted applications to the broadcasting authority, the CNCL, which will choose three of them later this month.

The satellite will have four visual channels, with 16 sound channels, allowing each TV channel to broadcast in four different languages across the whole of Europe. One channel has been already been allotted to Channel 7, the projected French state cultural station.

The D2 Mac Paquet standard which has been fixed for the satellite will allow high quality pictures and stereo sound to be received on a parabolic antenna measuring 65 centimetres in diameter.

TDF1 has had a rough ride since the project of a broadcasting satellite was begun in 1979, running into opposition from the French telecommunications authority.

The incoming government of Mr Jacques Chirad finally gave its approval last year, agreeing to foot the FFr 2bn (£206m) bill for TDF1 on condition that its planned sister satellite, TDF2, is financed by the private sector.

The project has not yet overcome all its difficulties. The list of investors in the satellite operating company has not yet been finally settled, nor has the price which the broadcasters will have to pay for a channel on TDF1.

Doubts also remain over whether the successful candidates will be allowed to broadcast scrambled programmes, which would be available only to subscribers

The issue is important to Canal Plus, which already operates a scrambled television station in France and has submitted an application for a family channel on TDF1.

Canal Plus is competing against the three other French private sector television channels—TF1, whose privatisation is going ahead this week, La 5, and M6 — as well as four foreign bidders and Mood Music, a French specialist in musical wallpaper.

The foreign candidates are Visnews, the British television news agency which proposes a 24-hour multilingual news channel, Olympia, a British group offering a specialist music station, the US cable group Bravo TV, which would specialise in films, and the West German post office, which wants to broadcast radio programmes.

Ozal acts to halt rise of top general

By David Barchard in Ankara

IN AN unprecedented assertion of civilian authority, Mr Turgut Ozal, the Turkish Prime Minister, has vetoed the appointment of a general who was expected to become the next head of the country's powerful armed forces.

The Turkish Prime Minister said yesterday that the cabinet was opposed to the appointment of General Necdet Ozturun, 63, currently commander of the land forces, but gave no reason. He is understood to be furious with General Ozturum because the army did not inform him for many hours about the attack by Kurdish rebels on June 13 in which thirty people were killed.

When the Prime Minister rang up to question the general about the matter, he was told that he was jogging and could not come to the telephone.

General Ozturun, who is unique among Turkish military leaders in having a degree in economics from an American University, had been regarded as an automatic candidate for the succession for over a year. He is known to have been strongly in favour of the economic stabilisation policies pursued in Turkey in recent years.

The preferred candidate is now General Necip Torumtay, a former Istanbul martial-law commander. Whoever is made head of the Armed forces will inevitably be considered a candidate for the Presidency of the Republic when this falls vacant in 1989. All but one of Turkey's seven presidents have had a military background and five have been former chiefs of staff.

The Turkish press greeted the Prime Minister's statement with quiet enthusiasm, apparently regarding it as a step towards greater civilian authority in the country's politics.

One motive for the Prime Minister's action may be a desire to cast off the image at home and abroad that his goverment, which came to power in strictly supervised elections held under martial-law after three years of military rule, is less strongly in favour of full civilian supremacy than its rivals, notably ex-prime minister Suleyman Demirel.

Mr Demirel is campaigning strongly in the country against the government. He is known to be a strong critic of military rule, having himself been deposed by soldiers in the 1960 Revolution. His only attempt as Prime Minister to dictate who should be head of the armed forces, ended in failure 10 years ago with the appointment of Mr Kenan Evren as chief of staff. Three years later, is was Mr Evren who led the military to power in a bloodless coup.

Soviet reforms win mixed reviews in East Europe

BY LESLIE COLITT IN BERLIN

THE SOVIET UNION'S East European allies have shown widely diverging reactions to the latest reforms on decentralising the economy by the Soviet leader, Mr Mikhail Gorbachev.

East Germany, the most advanced economic power in Eastern Europe and one of the latest reform minded, managed only a muted response. Its view contrasted markedly from other members of the East bloc whose media has carried generally favourable reports of developments in Moscow.

The official East German news agency, ADN, issued a terse despatch from Moscow yesterday on the new Soviet law on state enterprises. It avoided mentioning that Soviet companies are to be given greater independence from central ministries.

The main Communist newspaper, Neues Deutschland, also failed to report the sharp criticism of the Soviet economy's performance by Mr Nikolai Ryzhkov, the Soviet Prime Minister, in his speech to the Supreme Soviet.

The Czecvhoslovak media yesterday gave full coverage to Mr Ryzhkov's speech and a recent commentary in the party newspaper, Rude Pravo, noted that the reform proposals by Mr Gorbachev were incentives for Czechoslovakia.

The Czechoslovak leadership has adopted a programme to reform economic management which is to be introduced by the early 1990s. Prominent Czechoslovak economists, though, have expressed concern that it was drafted by conservative bureaucrats who resisted all reforms for years.

In Hungary, which has led economic reform in Eastern Europe, the new Soviet law on state enterprises received wide coverage in the media. It was welcomed as providing support to press forward with Hungary's own economic reforms which were launched in 1968.

The Polish official media also gave prominence to the Soviet reforms, noting that Poland's own economic reforms which began in 1982 have become bogged down.

The media in Romania, whose leader, Mr Nicolae Ceausescu, has criticised the Soviet reforms as being anti-Leninist, totally ignored the latest Soviet measures to decentralise the economy.

Commission 'ref' calls foul

BY TIM DICKSON

THE GOAL of a unified internal market may have moved a step closer in Brussels yesterday when the European Commission declared its firm intention to guarantee the "free circulation" of professional footballers in the EC.

Contrary to rumours kicked about by journalists sweltering in the unaccustomed summer heat at the EC summit, these do not include a new Euro-scheme to train more Continental players to turn on the proverbial sixpence. Nor is the "free circulation" of heads of state being proposed as a means of breaking the seemingly interminable Community budget deadlock.

The Commission's action, spelt out by Mr Manuel Marin, the youthful and athletic-looking Spanish Commissioner responsible for spert, is in fact designed to challenge the rules laid down by football associations in most member states which limit the number of foreign players to a maximum of two per club.

The attempt by Brussels to bring forward the day of a real jeu sans frontieres has been continuing over the past 10 years but little progress has been made. The football bodies have consistently dug in their heels on the grounds that the best players might defect to another country (thereby weakening their national team) and because they fear that a freer market would favour the richer clubs (otherwise known as the Italians).

The Commission is today expected formally to declare the "discriminatory" practices illegal (though they have been strictly speaking since 1976) and, according to Mr Marin, reserves "its rights and instruments" to make sure that Community law is upheld. The Commissioner said that he did not exclude the possibility of clubs and players taking their national Federations to the European Court of Justice, while an official indicated that the Commission itself might pursue such a course.

Appealing to the "ref" in Luxembourg could become the latest in footballing histrionics.

Waterford Crystal seeks reduction of 750 jobs

BY OUR DUBLIN CORRESPONDENT

WATERFORD CRYSTAL is seeking a reduction of 750 jobs in its workforce, about one in four, through voluntary redundancies, the company announced yesterday.

In a written explanation to employees, the company said it was seeking the redundancies because of a rise in production costs; a fall-off in demand for Waterford crystal in the US which is its main market; the fall in the dollar, and the reduction of spending power of American tourists visiting Ireland and the UK.

Mr Colm O'Connell, deputy chairman and managing director of Waterford Crystal, said: "Our plan aims to confirm Waterford's position in the forefront of the world crystal industry."

According to the statement, in addition to voluntary redundancies, the plan includes a capital investment programme at Waterford and increased marketing support world-wide to ensure competitiveness into the next decade and preserve the jobs of the company's remaining 2,200 employees.

The union representing the main body of the workforce announced the demands to its members at a hastily-convened meeting yesterday. It refused to comment afterwards on the call for job reductions which is the first of its kind in the 40-odd years of the company's history.

FINANCIAL TIMES

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Polish unions back reformers

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S new unions, which claim 7m members, have blamed the determination of the country's administration to defend its powers for the scant progress in implementing economic reforms first outlined in 1981.

The unions also criticise the continuing failure by the authorities to identify those opposing change and warn that unless it is done present efforts to decentralise will also come to nothing.

The warning comes in a seven page statement on the future of the reform approved recently by OPZZ, the unions' leadership, after a controversial debate which revealed important differences on how the movement sees the proposed changes. The text in effect supports the reform group in a divided government which is struggling to set up a system where central planning is supplemented by independent companies seeking to make a profit by responding to market demand.

The OPZZ statement contrasts with earlier more conservative documents which saw a greater role for central planning and displayed a bias against the private sector which under the reforms is to be given greater freedom. This suggests that for the moment the reformers have the upper hand inside the union movement.

The OPZZ meeting agreed to back the flow of capital between enterprises in the form of obligations and agreed to allowing employees to buy shares in companies where they work as is being suggested by the Government.

Nation's diet gets a whiff of 'high' life

BY DIANA SMITH N LISBON

"WOULD YOU take something to Lisbon for my friend?" asked a colleague in Madrid.

I carried the something shrouded in six layers of plastic and thick pink wrapping paper through the stately halls of Madrid's Barajas airport. People sniffed the air—then gave me a wide berth. I queued in growing isolation for the security check and was raced through by officers anxious to get me out of range as quickly as possible.

On the aircraft, the parcel and I sat alone. The cabin staff avoided us.

At Lisbon airport, a similar experience. Yet when I called the recipient of the pink parcel and informed him I would drop it off on my way home, he exulted.

What could smell so bad and bring such bliss?

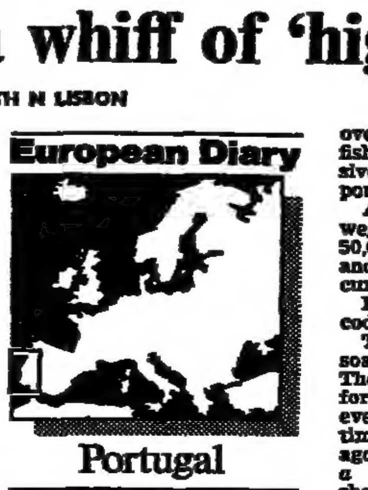
What else but bacalhau? "Faithful friend," as the Portuguese call it: dried salt cod that in its uncooked state looks like . . . like . . . well, like something very dead and putrefying and smells like it looks.

At the time I brought it from Madrid, there was a serious shortage of this staple of the Portuguese diet. To be its bearer from abroad gave one a special, if odoriferous, status.

Now it is plentiful, although hideously expensive—from Esc 500 (£2.50) a kilogram for the tough bottom-of-the-market sort, though Esc 1,000 for a reasonable grade fit for your average bacalhau cakes, or shredded and blended with scrambled eggs, olives and onions and mini-chips to Esc 1,400 or more for the elite, moist, thick-fleshed monarch of the sea that goes into "spiritual bacalhau" steeped in cream for special occasions.

Twenty years ago it cost Esc 17 a kg, the equivalent of 10p a pound, and provided 62 per cent of the national diet.

Tall ships, blessed by the Archbishop of Mitilene, once sailed from the Tagus, bound for the Grand Banks off Newfoundland to fish for the huge cod there. Risking their lives in the heavy swell, the fishermen laboriously loaded their catch from tiny dories onto the decks of the graceful vessels.



European Diary

Portugal

Such colourfulness, however, was no match for latter 20th century efficiency. The three-masters were replaced by trawlers. The Grand Banks continued to be the favoured location but, increasingly, cod came under tough quotas from Canada or the North Atlantic Fisheries Organisation. Now, as member of a European Community in dispute with Canada over fishing, Portugal cannot fish for cod in Canada's exclusive economic zone. So it imports Canadian cod.

And Icelandic cod and Norwegian cod. Portugal devours 50,000 tonnes a year of topped and tailed salted "green" (uncured) cod.

From "green" to cured, the cod loses a third of its weight.

The Yellow-Gray dried slabs soak for a day before cooking. Then, the Portuguese who pine for their pungent old friend even if it costs a thousand times more than a generation ago, tuck into *Bacalhau a Bras*, *a gomes de sa*, oven-baked, charcoal-grilled, boiled, mashed or minced—you name it: Portugal has as many ways of cooking as Heinz has sauces.

Portuguese fishermen catch about 13,000 tonnes of cod in international North Atlantic waters off the Grand Banks area—appropriately called the "nose Bank," or around Spitzbergen. They hope the EC will settle its dispute with Canada so they can be licensed to fish in Canadian waters, catching more and importing less.

Andriana Ierodiaconou reports on public disaffection with th[illegible]'s style of government

Political gloom hangs over Greek economy

WHEN, against all the odds, Greece's national basketball team won the European Championship Cup for the first time in its history in mid-June, the all-night scenes of jubilation around the country recalled the celebrations over the 1981 general election victory which brought Mr Andreas Papandreou's Panhellenic Socialist Movement (Pasok) to power for the first time.

There has been little spontaneous celebrating over politics in Greece since. Rather, over the past six years the country has gradually been gripped by a sense of political disillusionment so great that the Greeks in all seriousness welcomed the June basketball victory as the first sign of hope for their country's future in a long time.

The prevailing sense of gloom is partly connected with the country's economic ills. It is by now widely accepted that the Socialists missed an historic opportunity to set Greece's economic house in order, capitalising on the unique wave of popularity which accompanied their election success immediately upon taking over power from the conservatives under conditions of rising inflation and growing public sector and balance of payments deficits.

When, on the heels of Pasok's re-election to power in 1985, Mr Papandreou announced to an unsuspecting nation that it had become necessary to impose a stringent economic stabilisation programme or risk the advent of the International Monetary Fund, the news dealt a blow not only to the Greeks' pocketbooks but also to their belief that the Socialists held the key to an efficient, technocratic management of the country's affairs.

Disaffection

Disappointment with the Government's managerial abilities has gone hand in hand with growing public disaffection with Pasok's style in government. Increasingly, the Socialists have come to be accused by friends and foes alike of arrogance and political nepotism, failings for which Pasok in opposition had castigated its conservative predecessors.

As shown by white collar union elections, the deterioration in Pasok's popularity has found partial reflection in a rise in support for the Conservative New Democracy Party, Greece's official opposition, among professional groups. More strikingly, the Conservatives have become the leading force in the traditionally anti-establishment grouping — which in Greece until today has meant the anti-right student population.

Yet New Democracy is still beset with problems which make political observers hesitate to predict an easy conservative victory in the next general elections, normally due in June 1989.

For one, the party's leader, Mr Constantine Mitsotakis, over the past two years has sustained constant challenges to his leaderrship. He has survived, but New Democracy's unity has taken a beating, most notably over the departure of 10 deputies to form a splinter party in the wake of the 1985 elections.

Not least, over the past two years New Democracy has had much of the policy ground stolen from under its feet by Mr Papandreou. Since the 1985 elections the prime minister has accomplished a conservative turn, not only in the economy but also in foreign policy, where he has poured oil on the troubled waters between Athens and Washington and declared his attachment to Greece's ties with the European Community and the North Atlantic Treaty Organisation.

Starting in April with farm policy, New Democracy is in the process of making a government programme public chapter by chapter, while Mr Mitsotakis has announced plans for a sweeping nationwide party campaign during the coming months.

Mr Papandreou for his part announced the need for a Pasok "renaissance" at a meeting of senior party officials at the end of May. This was to include both a drive to revive the party's languishing grassroots network and the drafting of a "manifesto for the 1990s"—presumably reflecting the admitted shifts in Pasok's policy on issues such as European Community membership, since the drawing up of the party's founding charter 13 years ago.

Tactician

Above all, however, the prime minister has marshalled his skills as a political tactician to try to outmanoeuvre the conservatives on their own ground.

Such was the case in May when, in the midst of a flurry of allegations of financial misconduct in the public sector, Mr Papandreou pre-empted New Democracy's threats of an impeachment proposal by himself calling for a parliamentary vote of confidence. This he predictably carried easily, on the strength of Pasok's parliamentary majority against both the Conservative and the Communist opposition.

Adding a further twist Mr Papandreou used the opportunity afforded by the vote of confidence debate to spring the news that he had decided to seek a referendum on the continued presence of the four US military bases in Greece, before finalising an agreement on their operation beyond December 1988 in imminent renegotiations with Washington.

His move had the effect not only of completely diverting press and public attention from the alleged financial scandals, but also of bringing the Conservatives, who stand solidly in support of the bases' presence, up before the prospect of having to support the Government on a key foreign policy issue with a "yes" vote in the referendum.

It was an acknowledged display of political virtuosity—which in the view of many Greeks, however, rang hollow in leaving unanswered the key questions as to how the Government is to manage the country's domestic and external affairs.

It may be a message that the Government cannot afford to ignore, that when the Greeks spontaneously flooded the streets in June it was not to celebrate the victory, albeit on the basketball court, of hard work and a team spirit.

Papandreou: "renaissance" call

Terrorists hit at 'Thatcher policy'

BY ANDRIANA IERODIACONOU IN ATHENS

THE HITHERTO unknown terrorist group which on Monday shot and critically injured the president of Greece's trade union congress has accused the governing Socialist party of following a "Thatcher-type" economic policy.

The attempt on the life of Mr George Raftopoulos is a departure in a chain of similar political assassinations claimed by various shadowy terrorist groups in Greece going back to 1975 in that the target was a Socialist party official. Previous victims have included US officials in Athens as well as Greek industrialists. Mr Raftopoulos, a member of the central committee of the Socialist party, was yesterday reported in a stable but still critical condition after undergoing several hours of surgery on Monday.

He was hit twice in the head and once in the stomach by two gunmen while walking with a friend near his home in a northern suburb of Athens.

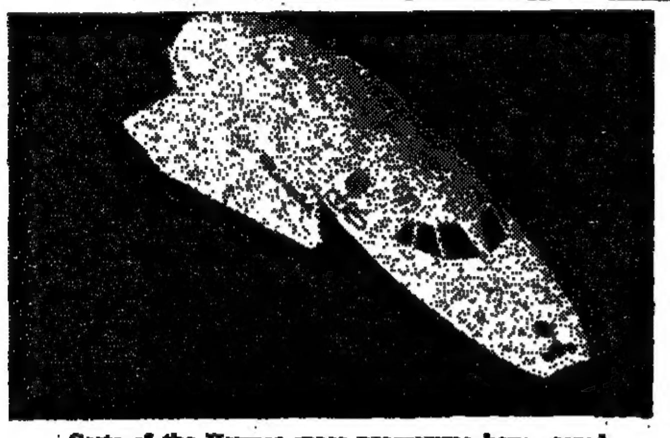
Police said they had arrested three people in connection with the shooting but gave no further details.

According to the Public Order Ministry this was also a first appearance by the Revolutionary Organisation May 1 which claimed responsibility for the shooting in a four-page typed proclamation found near the scene in northern Athens. Neither the 45 mm weapon used to shoot Mr Raftopoulous, nor the typewriter employed for the proclamation were associated with any previous terrorist incidents, according to Greek state radio.

"Having abandoned its initial moderate social democratic choices, Pasok (the Greek Socialist Party) is casting the whole burden of the capitalist crisis on the back of the people with a tough, Thatcher-style policy of austerity, job dismissals, unemployment," the proclamation said.

It accused Pasok of being the same as the conservative opposition and said it was exploiting workers for the sake of capital interests. It claimed Mr Raftopoulous belonged to the "labour aristocracy" and represented capitalism in the labour movement.

Greece is currently in the second year of an economic stabalisation programme, introduced by the Government after four years of expansionism at the end of 1985, to reduce inflation and external and domestic deficits.



Costs of the Hermes space programme have soared

West Germans set to call for delay in Hermes spacecraft

BY DAVID MARSH

WEST GERMANY looks likely to disappoint the Paris Government this autumn by calling for a delay in the French-led programme to build the Hermes manned space orbiter.

This follows indications from the European Space Agency, the Paris-based body which coordinates Europe's space efforts, that costs for three ambitious European space programmes for the 1990s have roughly doubled since they were conceived a few years ago.

Both Mr Gerhard Stoltenberg, the Finance Minister, and Mr Heinz Risenhuber, the Technology Minister, have said in recent days that Bonn must make a clear decision on its space spending priorities before European research ministers meet in November to endorse the ESA's plans for the next decade.

This makes likely that Bonn will decide to give priority to spending on the Columbus orbiting module, a project led by West Germany, with a 38 per cent stake. This is designed to be locked on to the US space station planned for the 1990s.

The other two big ESA projects are Ariane 5, a heavy duty version of the Ariane rocket planned to lift large payloads into orbit, and Hermes, an orbiting vehicle looking like a smaller version of the US space shuttle.

A foretaste of soaring costs has already been served up with the preparatory design phase for the three projects costing the Bonn budget twice as much as foreseen. The parliamentary budget committee last week approved a request by the Technology Ministry to increase spending on the design phases, running to the end of this year, to DM502m (£171m) from DM 247m originally planned.

Bonn has been doubtful for several years whether Hermes will really be needed by the original French-suggested date of 1995, with experts at the Technology Ministry coming out in favour of the programme being put back to the year 2000.

However, a likely government move this autumn to back a postponement of Hermes would cause considerable resentment in Paris. This partly reflects French anxieties about competition to the Hermes concept from more futuristic West German and British designs for space aeroplanes, known as Saenger and Hotol respectively.

These alternatives could gain considerably in financial attractiveness if Hermes—described by Bonn as representing an "intermediate technology"—is delayed by five years.

Latest ESA estimates put the total costs of the Columbus, Hermes and Ariane 5 programmes at more than DM 30bn. On present plans, West Germany would put up about 28 per cent of the total. Bonn is unsure of the exact basis on which the figures have been drawn up. But this indication of rough doubling in costs has deepened the scepticism of Mr Stoltenberg about participating in combined European space efforts.

West Germany has a 22 per cent stake in the preparatory programme for Ariane 5 and a 30 per cent stake in Hermes.

The deliberations over the ESA projects coincide with discussion in Bonn about the possible establishment of a West German national space agency modelled loosely on the US National Aeronautics and Space Administration.

A decision on the project, which is backed strongly by Mr Hans-Dietrich Genscher, the Foreign Minister, could be made in the autumn. It would employ about 300 people and would serve to co-ordinate more forcefully and efficiently the country's international and national space activities, currently the preserve of the Technology Ministry.

AMERICAN NEWS

Brazil jobless total increases dramatically

BY IVO DAWNAY IN RIO DE JANEIRO

FRESH evidence that a fierce recession is sweeping through the Brazilian economy emerged this week with the disclosure that unemployment has almost doubled with the loss of one million jobs from January to May.

The total unemployed, as measured by the official government statistical agency, IBGE, is now put at 2.2m, but this refers only to those over the age of 15 looking for work in the week the data was collected.

Millions of Brazilians working outside the formal economy are not included in the survey and are paid below the cruzados 1,970 ($45) a month minimum wage. Underemployment is commonplace.

Despite this, the new figures, showing an acceleration in the pace of dismissals, are alarming the government. The official unemployment rate of 4 per cent in May represents a 17.1 per cent increase on the previous month.

At the height of last year's price-freezing Cruzado economic plan, unemployment in the key industrial region of Sao Paulo was measured at virtually zero. In May, that had risen to 3.78 per cent, only marginally above May last year.

But dismissals have leapt in June, with the motor industry leading the drive to lay off workers as sales have plummeted. The impact has fed through to hundreds of motor parts suppliers.

According to the respected trade union research body, Dieese, unemployment in the greater Sao Paulo area increased by nearly 50,000 to 724,000 between April and May.

The rapid deterioration in work prospects is concerning the government. Over the past month a 30 per cent tax on car sales, imposed last July, has been withdrawn, and on Monday Labour Minister Almir Pazzianotto sent a telegram to motor manufacturers calling for a halt to further sackings.

Service industries are also being hit by a downturn in sales, with Sao Paulo's retailers reporting a 28 per cent decline in turnover. In other metropolitan regions a similar pattern is emerging.

Across the country, however, the agency estimated that May unemployment was still just below last year's level, though many economists are convinced that June will easily surpass its total of 12 months ago.

Behind the deteriorating economic outlook lie fears that social unrest will force the government to reverse the new austerity programme announced by Mr Luiz Carlos Bresser Pereira, the finance minister, last month.

The near-unanimous response to the plan, which attempts to slash federal expenditure, was that it was the only course of action available to the minister to stabilise the inflation-wracked economy.

But a stone-throwing attack on a bus carrying President Jose Sarney last week has raised doubts over the public's tolerance threshold for the new cutbacks.

California goes in search of job-creating foreign money

CALIFORNIA, which economists reckon will have the world's fourth biggest economy by the end of the century, is running an aggressive campaign to lure more foreign funds into the state, particularly from Japan, Reuter reports from San Francisco.

The chief aim, say officials, is to create more jobs as the most populous state in the US – it is home to about 10 per cent of the country's 230m people – heads towards the 21st century.

California has opened trade offices in Tokyo and London in a bid to sell more California-made products abroad and attract more foreign investment here.

"We're going global," Mr John Geoghegan, secretary of the California Business, Transportation and Housing Agency, said.

Mr Geoghegan said 25 per cent of the jobs in California already depend in some measure on the international economy and especially on that of the Pacific Rim.

"One argument that we can make to European firms is that if you want a window on the growing Pacific market, California is the place to be," he said.

According to the latest US Department of Commerce statistics, Japan in 1985 with $4.6bn in property, plants and equipment, replaced Britain, with $4.3bn, as the second-ranked holder of assets in California.

Canada, which invests largely in real estate rather than job-creating enterprises, remained in first place with $5.6bn.

Officials said Canadian investments meant only about 30,000 jobs for Californians, as opposed to about 61,000 created by Japanese investments and some 51,500 by those from Britain.

"We're more interested in job-creating investments," said Mr Ken Gibson, director of the California Department of Commerce. "We're not very interested in passive investments."

Mr Gibson predicted that, when 1986 figures are announced later this year, the size of the Japanese investments will have jumped substantially.

He said California accounts for about 25 per cent of the value of all Japanese investments in the US. He cited a US Department of Commerce estimate that Japanese investment nationwide grew by 400 per cent last year.

To make California more attractive to overseas investors, the state has revised its "unitary tax," a method of taxing profits of multinational companies that foreign governments and investors complained was discriminating against them.

Under a law that takes effect next January, foreign-based corporations can pay a one-time fee and be taxed only on the basis of their operations in the US. The new law will lower the taxation of foreign investors.

Fears over impact of monetary policy in US

By Stewart Fleming, US Editor, in Washington

TWO SENIOR Reagan Administration officials yesterday expressed concern about the impact the Federal Reserve Board's monetary policy could have on the growth of the US economy.

he comments came as the Commerce Department reported that the US index of leading economic indicators rose a strong 0.7 per cent in May, the second largest increase this year. The Commerce Department also revised upward its April estimate for the leading index from a decline of 0.6 per cent to a rise of 0.2 per cent.

The index is a composite of a series of 12 economic statistics and is designed to predict the likely course of economic activity in the months ahead. The May rise was largely the result of a sharp increase in one component, the length of the average working week.

Mr Malcolmn Baldridge, the Commerce Department secretary, said increases in recent months had been consistent with growth in the economy in the near term of three to four per cent.

But he added: "Tight credit conditions would limit this growth."

On Capitol Hill meanwhile, Mr Beryl Sprinkel also raised concerns about the Federal Reserve Board's monetary policy. Mr Sprinkel, a monetarist economist, told the joint economic committee that the current stance of Fed policy could pu the economy at risk if continued for several quarters.

Earlier this year in response to an acceleration in the pace of inflation and a weakening of the dollar on the foreign exchanges Mr Paul Volcker, the Fed chairman, disclosed that the central bank had tightened monetary policy slightly.

Mr Volcker is due to step down as chairman in August and to be replaced by Mr Alan Greenspan, a New York economist.

Tim Coone in Buenos Aires on reaction to the release of military and police prisoners

Military crimes haunt Argentina

"IF THE worst comes to the worst, I'll pack my bags and leave again," said a journalist friend and former Argentinian exile last week.

It is an opinion that is being heard more often from Argentinians who experienced the dark years of military rule, (more than 140 journalists disappeared then) and who are alarmed by the events of the past two months. But what has landed like a bucket of cold water on many sectors of Argentine society was the release from prison last week of a police chief, who had been condemned to 23 years' imprisonment for crimes of murder, torture, robbery and abduction of political prisoners.

Charges have now been dropped against hundreds of other military and police officers facing trial for similar crimes, after the constitutionality ruling by the Supreme Court on the "Due Obedience" law. This absolves all junior and middle ranking officers of responsibility for crimes committed during military rule.

The law was pushed through the Congress, in the wake of the Easter military rebellion.

President Raul Alfonsin

Summing up the fear and frustration felt by many over the ruling, a transport union leader and human rights activist, Mr Ricardo Perez, said at the weekend that many of those who had testified in the trials and had given evidence to the government-sponsored National Commission of the Disappeared (Conadep) "once again see their lives in danger".

A wave of bomb attacks against ruling Radical Party branch offices around the country last week – officially attributed to far-right extremists by the Vice-President Mr Victor Martinez – has further accentuated the climate of fear and uncertainty.

Repercussions have touched the government and former political allies of the president. An under-secretary of state in the Education Ministry handed in his resignation in disgust following the Supreme Court ruling.

He had personally identified the released police chief, Mr Miguel Etchecolatz, as being his torturer when he was arrested under military rule.

The government's star prosecutor, Mr Julio Strassera, last week described the law as a "blunder" and had to be ordered in writing by the Justice Minister, Mr Ideler Tonelli, to support it in court or face dismissal.

Mr Strassera led the prosecution in the 1985 trials of the leaders of the 1976-83 military juntas, which resulted in five of them receiving sentences of four years to life imprisonment. He also prosecuted the now-liberated Mr Etchecolatz who threatened the judges during his 1986 trial.

Mr Ernesto Sabato, the author and former president of Conadep, said: "I am deeply saddened that great ethical principals are being put aside. The Constitution itself reprobates torture."

The Constitution was last reformed in 1957 and Article 18 reads: "The death penalty for political reasons and all forms of torture and chastisement are perpetually abolished."

Conadep named 8,960 people who disappeared following detention by security forces. This is considered the offical number of disappeared.

The unofficial figure goes considerably higher; some estimates go as high as 30,000, because of the reluctance of family and friends to identify themselves for fear of reprisals.

The trials are now to go ahead only against the remaining senior officers who have charges outstanding

However, the apparent impotence of the government in the face of military pressure and violent attacks from the far-right has fuelled doubts that charges will ever be successfully pressed against most of the accused.

Opec grants Ecuador big oil output rise

THE Organisation of Oil Exporting Countries (Opec) has granted Ecuador a 54 per cent oil production increase to help the nation recover from devastating earthquakes, AP reports from Quito.

Mr Fernando Santos, the Deputy Energy Minister, said that Opec ministers set a new production quota of 320,000 barrels of oil a day (b/d) during a meeting last week in Vienna.

The figure compares with a 210,000 b/d ceiling that was in effect when a series of powerful earthquakes rumbled through the tiny Andean nation on March 5 and 6, paralysing Ecuador's oil exporting industry when a key pipeline was destroyed.

Mr Santos told a press conference on Monday that the pipeline was scheduled to be repaired by August and Ecuador hoped to resume full production by September.

To fuel its domestic needs of 100,000 b/d since the earthquakes, Ecuador has received oil loans from Venezuela and Nigeria and in May it began sending 50,000 b/d to its refinery via a Colombian pipeline.

Canada's MPs reject call to restore death penalty

BY BERNARD SIMON IN TORONTO

CANADA'S House of Commons has rejected a return of the death penalty, in spite of strong support for cappital punishment in the country at large.

In a rare free vote and after 50 hours of debate, MPs defeated the motion by 148 to 127. Leaders of all three parties, including Prime Minister Brian Mulroney, voted against the death penalty.

Capital punishment was abolished in Canada in 1976. The last execution took place 24 years ago.

The motion for the return of capital punishment was presented to parliament in April to fulfil an earlier election commitment by the ruling Progressive Conservative Party.

At the time the motion was introduced, most MPs were expected to vote to restore the death penalty. Public opinion has been aroused by an increase in murders of policemen and by several well-publicised murders of children.

Many ?? changed their minds in the wake of a strong campaign against capital punishment by church and social groups. The fear that an innocent person might be executed appears to have been the most telling argument mounted by the abolitionists.

Panama lifts state of emergency

The Panama Government lifted the natonwide state of emergency yesterday 20 days after it was imposed to quell violent anti-government disturbances, Reuter reports from Panama City.

The end of the emergency, which had suspended eight key constitutional rights including freedom of the press, movement and assembly, was approved by the National Assembly in a surprise session on Monday night.

The government imposed emergency rule on June 11 aftert housands of people took to the streets to demand the dismissal of Panama's military chief and de facto ruler, General Manuel Antonio Noriega.

OVERSEAS NEWS

Rabin seeks US aid pledge if Lavi is scrapped

BY ANDREW WHITLEY IN JERUSALEM

MR YITZHAK RABIN, the Israeli Defence Minister, has gone to Washington on a hastily arranged visit aimed at seeking reassurances from the Reagan Administration over the future of US aid to Israel if the controversial Lavi combat aircraft is scrapped.

The Defence Minister is understood to want top-level assurances that the current level of US Foreign Military Sales grant aid to Israel—$1.8bn, of which $300m is earmarked for offshore procurement within Israel—will not be cut.

In addition, Israel would like the US Government to fund the heavy cancellation costs which would result from a halt in the aircraft's development. These costs would be evenly spread between Israeli manufacturers and US aerospace companies.

Rabin: wants assurances

Mr Thomas Pickering, US ambassador to Israel, told journalists yesterday that the $1.8bn military aid provision for the forthcoming fiscal year would be unchanged, whatever the Government decided about the Lavi. He also said that the US was prepared, in principle, to see part of the aid go towards any cancellation costs.

A decision by the Israeli Government on the Lavi, whose estimated total development costs by 1993, when the first squadron is now due in service, have blossomed to $8.6bn, is expected very shortly. A series of Cabinet meetings have ended inconclusively, as Ministers agonise over the far-reaching consequences for national technological development and employment of cancellation.

With the Government evenly divided on whether or not the Lavi should go into production, pressures have mounted from all sides. While Israel Aircraft Industries, the main contractor, is lobbying vigorously for the project's retention, the armed forces themselves have come out solidly against it.

Last night, Mr Rabin was scheduled to meet Vice-President George Bush, followed by meetings today with Mr George Shultz and Mr Caspar Weinberger, the Secretaries of State and Defence. Mr Weinberger has been an outspoken critic of the Israeli-designed aircraft on cost-effective grounds, and has urged Israel to enter into a co-production agreement on a modified F-16 instead.

Japan jobless at record

BY PETER BRUCE IN TOKYO

JAPANESE unemployment in May reached a record 3.2 per cent, or 1.19m people, the Government said yesterday. The figure, seasonally adjusted, is the worst since records were began in 1946 andis 0.2 points up from the previous highs in February and April.

May unemployment figures are normally an improvement on April, and officials were yesterday citing the break with the trend as fresh evidence of weakness in the Japanese job market.

Japanese trades unions, which have become alarmed about unemployment in the past year, say the real jobless rate is probably much higher than 3.2 per cent. The unions have just settled their spring 1987 wage claim which employers — for an average wage rise of 3.56 per cent, the lowest since the Government began surveying pay claims in 1965.

Iran holds talks with Moscow about Gulf

By William Dullforce in Geneva

Iran has been talking to the Soviet Union about "new dimensions of co-operation" and has submitted to European countries a "complete set of ideas" for bringing peace and security to the Gulf, Mr Jawad Larijani, its deputy foreign minister, said here yesterday.

This Iranian diplomatic activity comes at a time when the US plans to step up its naval presence in the Gulf and to re-register 11 Kuwaiti tankers under the US flag to protect them from possible Iranian attack.

The UN Security Council is considering a ban on arms deliveries to Iran and Iraq, the adversaries in the Gulf war.

Mr Larijani reiterated Iranian warnings that the US build-up could extend the Gulf conflict to other countries. More than 500 land and air units had been added to Iran's forces in the Gulf, he said.

"Who knows who will fire the first shot? The US should not think it can hit and run. We are not talking about the Gulf of Mexico," he added rhetorically.

The Iranian minister was chary with details of his talks here Monday with Mr Yuli Vorontsov, the Soviet deputy foreign minister, and earlier discussions with West German, Italian and Belgian government representatives, including Mr Guilio Andreotti, the Italian Foreign Minister, and Mr Leo Tindemanns of Belgium.

Declining to go into detail on his talks with European ministers, Mr Larijani said he had presented ideas based on five principles. These were:

- The security of the Gulf was indivisible: the Gulf could not be divided up.
- A "collective bargain" among all the Gulf countries, excluding foreigners, was needed.
- An immediate halt to the military build-up in the Gulf.
- A plan for the Gulf involving all its countries could contribute to a ceasefire.
- A Gulf "arrangement" would be in itself a containment of the larger (Iran-Iraq) conflict and contribute to a final solution.

Victor Mallet recently in Dar es Salaam reports on the move away from Socialism

Benefits flow from Tanzanian reform

"DO NOT let us depend upon money for development," was the bold message of Tanzania's post-independence political bible, the Arusha Declaration of 1967.

"It is stupid to rely on money as the major instrument of development when we know only too well that our country is poor...It is even more stupid for us to imagine that we shall rid ourselves of our poverty through foreign financial assistance."

Nobody listened. In the next 20 years more than $5bn of foreign aid poured into Tanzania as its leader Mwalimu (teacher) Julius Nyerere tried to pursue his then fashionable policy of "socialism and self-reliance."

Many of the ambitious foreign-founded projects – the huge boot factory in Morogoro, for example, now working at a fraction of capacity – were good examples of how not to spend aid.

Tanzania today is more dependent than ever on outside assistance and Mr Nyerere's successor as president, Mr Ali Hassan Mwinyi, has, like several other African heads of state, begum the revolutionary process of dismantling socialism in favour of the free market policies of the International Monetary Fund (IMF).

Last year's decision to reach agreement with IMF, an organisation still regarded by some Tanzanian Government officials was one of the worst manifestations of capitalism and imperialism, was not taken lightly. The signing of a standby loan of $82m followed six years of negotations and was made in the face of public grumbling by Mr Nyerere, who has called the IMF "capitalism's policeman" and a "colonial power."

But the pressure was on, with even the Hitherto generous Scandinavians saying that much of their future help depended on an IMF deal to repair what was left of the economy.

It is said that Mr Nyerere, who handed over the presidency to Mr Mwiny two years ago but retains much of his influence as leader of the ruling Chama Cha Mapinduzy (Revolutionary Party), privately persuaded party stalwarts to accept the unpleasant necessity of the IMF medicine.

Under Mr Nyerere, one of the fathers of African Nationalism, Tanzania achived political stability and made great strides in introducing and improving education and health care for some of the continent's poorest people, but the agricultural exports on which the country depends – sisal and cashew nuts, for example – slumped as nationalisation and low producer prices fixed by the State took their toll.

Tanzania's recent reforms follow the classic IMF recipe for Africa. The Government is gradually devaluing the Tanzanian shilling in an effort to encourage exports and deprive black marketeers of their livings. Prices are being liberalised to promote production, some state enterprises are being offered to the private sector, interest rates have been increased and credit is being restricted.

Members of the largely Asian business community have been encouraged to use foreign exchange held overseas to bring imports into Tanzania, and the Government is not asking awkward questions about how they obtained the money – a highly successful scheme which provided about a quarter of the country's $1.05bn in imports last year.

Exports were only $347.6m, and the difference was paid by Western donors.

The reforms initiated in 1984 already seem to be having a beneficial effect. Once-empty shelves are now stocked with goods, even in country towns. The economy grew 3.3 per cent in real terms last year, matching the population growth rate and comparing with an increase of only 2.3 per cent in 1985.

"For the first time since 1980, per capita income did not decline last year," said one Central Bank official, predicting growth of 3.5 per cent for 1987,

"The main problem is one of growth," agrees one Western diplomat from the donor community, "but we're starting from such a low level that it's virtually impossible not to do things better than they have been done before."

Despite the guarded optimism, the next 10 years are not likely to be easy. The reforms have generated much trading, but little in the way of long-term productive investment, and imported finished goods are often cheaper and of better quality than locally-made products.

Most foreign investors will want incentives and clear guidelines before committing their money to Tanzania.

Infrastructure problems and transport problems threaten to throttle the agricultural and industrial recovery, and much of this year's bumper cotton crop is stranded in remote areas because of impassable roads. Even in the capital, Dar es Salaam, some of the roads resemble assault courses for four-wheel-drive vehicles.

Although Tanzania has met its IMF criteria for 1986, with the exception of the targets for money supply, total credit and the reduction of external arrears, political opposition to the IMF could become a serious threat to economic reform in the longer term, particularly if Mr Nyerere reneges on his promise to hand over the party leadership to Mr Mwinyi this year and thus waters down the authority of the pro-IMF president.

Already there are strains between Tanzania and the IMF over the pace of devaluation.

The IMF wants the Tanzanian shilling to be devalued more quickly towards a target of about 120 shillings to the dollar from the present rate of nearly 60.

New Zealand to vote in August

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND will hold a general election on Saturday, August 15.

Announcing this last night Prime Minister David Lange said the campaign would be a short one. Parliament will not be dissolved until at least the middle of July. The Government still has a considerable amount of legislation it wants passed before then.

The August 15 date is later than many commentators — and the national opposition party's campaign planners — had expected.

With a big lead in the public opinion polls — particularly an unprecedented 26 per cent lead in a poll last week—many had thought the Government would go for an election in early August. Mr Lange said the Government had "deliberately refrained from doing that" despite the temptation of the polls.

The National Party, expecting an earlier date, has already started an election advertising campaign.

The Government plans a presidential - type campaign built around Mr Lange himself. It will concentrate on television and use the Prime Minister in as many photo opportunities as possible.

So far the opposition have failed to produce any policy to arouse great public enthusiasm. Earlier this week they announced an economic policy, promising to cut NZ$1bn (£370m) from government spending. However, prominent banking economists have said this is just not feasible given the state of the New Zealand economy.

Gandhi starts Moscow visit

BY K. K. SHARMA IN NEW DELHI

MR RAJIV GANDHI, India's Prime Minister, will start his sixth visit to Moscow in the last three years tomorrow when he arrives to open the Festival of India. The visit, however, has taken on extra importance with Mr Gandhi in talks with Mr Mikheil Gorbachev, and other Soviet leaders.

While Mr Gandhi has described the event as a "goodwill visit," he is expected to seek Soviet backing for his moves on deteriorating relations with China, Pakistan, Sri Lanka and Bangladesh as well as at least moral support for countering what he has claimed is an international conspiracy to destabilise his government because of a series of scandals involving payoffs in defence contracts for which he is under severe attack in India.

Although no clashes on the Sino-Indian border have taken place, there has been a massive troop build up on both sides for the last several months.

Ten S African activists bailed during treason trial

BY ANTHONY ROBINSON IN JOHANNESBURG

TEN OF the 13 black political activists accused in South Africa's longest running treason trial were released on strict bail terms yesterday leaving only three of the original 22 defendants still in jail.

The trial in the Transvaal town of Delmas 90 kms east of Johannesburg began over 18 months ago. Leading members of the United Democratic Front, the Azanian Peoples Organisation and various black community associations were charged with treason, subersion, murder, terrorism and furthering the aims of the banned African National Congres and for their alleged role in the unrest which broke out in townships of the Vaal Triangle such as Sharpeville and Sebokeng in September 1984.

The three men still in jail are senior members of the UDF: Mr Popo Molefe, national general secretary, Mr Moses Chikane, Transvaal secretary and Mr Patrick "Terror" Lekota, publicity secretary. Mr Justice van Dijkhorst denied bail to the three on grounds that their characters and submissions to the court vindicated the state prosecution argument that their release would be a threat to state security.

The defence argued that none of the accused could be held responsible for what had happened in the country during their detention and that the security situation had improved to the point where release on bail would not affect the situation. Those released were given onerous bail terms including a R15,000 (£2,760) surety, a ban on political activity, an obligation to report daily to the nearest police station and daily attendance once the trial resumes in Pretoria in August.

Speaking to reporters after yesterday's verdict, Mr Lekota re-affirmed the UDF's conviction that the purpose of the lengthy trial was to isolate the UDF top leadership and keep it out of action. The state maintains that the security situation has improved partly because of the detention or trial of black leaders.

Fiat group faces setback in Polish car bid

BY JOHN WYLES IN ROME

MR GIOVANNI AGNELLI, president of Fiat, yesterday conceded a partial victory to Japan in the race to sell more than L1,000bn (£476m) of new car manufacturing capacity to Poland.

He said he believed Fiat would be given the contract to modernise the plant it built in Poland in the 1960s and to supply a new small car design.

But the Italian company's hopes of also winning the contract for the design and manufacture of a medium-sized passenger car appeared now to be slender. According to other Fiat officials, Daihatsu of Japan is favourite to carry this off.

Mr Agnelli reminded a Press conference given after Fiat's annual shareholders' meeting, that Mr Yasuhiro Nakasone, Japan's Prime Minister, had visited Warsaw in the spring—and he would not have gone "unless he had a purpose."

The Japanese, he said, had the "means, the technology and the financial backing" to capture the medium-sized car half of the contract.

"I believe we shall get half and that the Japanese will get half. I do regret it because we up with Fiat," added Mr Agnelli, did believe that the Eastern European production was tied

The Poles are currently producing 120,000 units a year of the Fiat 126 which would be replaced, if the Turin company win the contract, by a new small car of so-far unknown design. Fiat offered the Duna currently under production in Brazil, as its medium-sized bid, but this was turned down by the Poles.

Referring to the marketing agreement made more than 30 years ago which keeps Japan's share of the Italian car market below 3 per cent, Mr Agnelli said that he did not think that this would last beyond 1992. "I think we all agrre that the market should be opened," he added. Earlier, he had said that he hoped the European car industry would be sufficiently competitive in the 1990s so as not to require artificial barriers.

Mr Giovanni Agnelli

Having just presented Fiat's best ever results to a shareholders meeting—a 63 per cent rise in net profits to L2,162bn—the Avvocato, as he is known, was in a buoyant mood. This probably owed something to Fiat's operating figures for the first four months of the year which the company made available yesterday.

These show that despite the absorption of loss-making Alfa Romeo, operating profits of L1,067bn are maintaining last year's ratio of 8.4 per cent of total sales — which were L12,643bn over the four months.

In addition a strong financial performance has enabled Fiat to cut its net indebtedness, which was L2,700bn on January 1 with the arrival of Alfa Romeo, to L1,180bn. At the end of last year, Fiat forecast a debt figure of L1,900bn for the end of 1987.

Uruguay Round off to speedy start

BY WILLIAM DULLFORCE IN GENEVA

THE URUGUAY round of trade-liberalising talks has got off to a speedy start with governments moving into "concrete confrontation" on outstanding trade issues, Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (Gatt), said yesterday.

In a generally upbeat assessment of the first six months of the scheduled four-year round, Mr Dunkel instanced the major trading nations' commitment at the Venice summit to put proposals on the negotiating table in Geneva and the progress in discussions on farm trade, widely regarded as the centrepiece of the latest Gatt round.

US proposals for the reform of agricultural trade are due to be tabled next week and the European Community, once the laggard in farm matters, is in the throes of thrashing out its negotiating plans in Brussels.

This meant that negotiations on agriculture were sticking to the schedule set by trade ministers when they launched the Uruguay Round at Punta del Este last September, Mr Dunkel said.

Each of the 14 negotiating groups on trade in goods and the group discussing services has met twice. A third meeting on agriculture is being squeezed in next week before the summer break. Mr Dunkel foresaw a period of "very intensive activity" starting in September.

Governments' moves to solve world debt and monetary problems and their worries about imbalances were impinging directly on the Geneva talks, Mr Dunkel pointed out.

But he also believed the present crucial debate in the US Congress over the new trade bill was being seen more and more against the background of the Uruguay Round. The movement from procedure into substance at the Gatt talks had influenced congressmen, Mr Dunkel suggested.

Gatt economists estimate that their forecast last March of a 2.5 per cent growth in world trade in 1987 is being fulfilled but this would be 1 per cent lower than in 1986, Mr Dunkel pointed out. It was one more reason for governments to set about re-establishing confidence in the world economy.

Nations' readiness to negotiate seriously in the Uruguay Round has also been demonstrated in the proposals they have been tabling in the group negotiating tariffs, Gatt's bread-and-butter subject, according to Mr Dunkel.

Japan has proposed that the developed countries reduce tariffs on imports of indsutrial goods to zero.

Brazil followed up on Monday by suggesting that developed countries bind at zero tariffs on all products from the least developed countries (LDCs). In return, the LDCs would bind some products and after 10 years consider reducing tariffs on exports from developed countries (by binding a tariff a country guarantees that the rate will not be increased).

Canada has proposed that all tariffs be bound at their present levels. This would have the effect of integrating developing countries more tightly into the Gatt regime.

Taiwan shoe makers to impose export curb

BY BOB KING IN TAIPEI

TODAY, Taiwan's $3.2bn-a-year shoe exporting industry is to impose severe self-restraints on its exports.

For the next 12 months, Taiwan will hold its shoe exports to 841m pairs, the same level as in 1986, to all its markets worldwide. The only exceptions will be the UK, Canada, and France, with whom Taiwan's shoemakers have for several years had "gentlemen's agreements" on export levels.

The restraints stem from a three-fold desire on the part of the shoe industry to avoid the ire of importing nations as the number of shoes from Taiwan rise, to force marginal producers of low-end shoes to upgrade or perish, and to persuade more efficient manufacturers to produce increasingly higher-end footwear.

The Taiwan Footwear Manufacturers Association, which counts as its members most of the more than 1,000 shoe factories on the island, voted overwhelmingly to impose the restraints, without, apparently, either the encouragement or the disapproval of the government.

The Board of Foreign Trade, for instance, is said to be opposed to restraints *per se* because they violate principles of free trade, and it stayed quietly on the sidelines during the association's deliberations.

Under the restraints, 80 per cent of the 841m pairs will be allocated to manufacturers based on their performances last year. Another 10 per cent will be set aside for "relief cases" whose exports last year may have been affected by natural disasters. The remainder will be allocated on a first-come, first-served basis to makers who have used up all their basic allocations.

Chinese to take 40% stake in developing Australian ore mine

BY ROBERT THOMSON IN PEKING

CHINA has agreed to take a 40 per cent stake in the development of a Western Australian iron ore mine owned by Hamersley Holdings a subsidiary of CRA, after a four-year campaign by the Australian Government to hitch the country's iron and steel industry to China's growing needs.

Contracts for the A$250m project, the largest Chinese investment in foreign primary resources, were initialled last night by officials from Hamersley Iron Pty and the China Metallurgical Import and Export Corporation (CMIEC) after approval by China's State Council yesterday afternoon.

Chinese officials said the price of the ore was the most contentious issue during the negotiations, which began in December 1984, on several occasions since then it appeared that the project would be shelved because of the price gap between the two parties.

Under the 20-year joint venture agreement, China will pay 40 per cent of the cost of developing the mine at Channar, and Hamersley will take a 60 per cent share.

CMIEC will then buy 100 per cent of the mine's output, which will be 5m tonnes annually in the first phase, due to be finished in two to three years, and 10m tonnes after five to six years, with the sales then estimated at A$200m annually.

China has vast reserves of iron ore, but it is of poor quality—only 2.5 per cent is high grade and 92.5 per cent has an iron content of about half that required for quality products.

Blast furnace

Chinese officials and representatives from BHP are still negotiating the second half of a long-term Chinese commitment to purchase pig iron that would allow the re-opening of a BHP blast furnace at Kwinana in Western Australia.

China's shortage of good quality ore is complicated by a hcronic shortage of electricity that hinders attempts to refine the ore. According to Chinese figures, 13.7m tonnes of ore were imported last year, up from around 10m tonnes in 1985.

Of last year's imports, Australia supplied just over 9m tonnes, Brazil around 3m tonnes, North Korea 1m tonnes and India 460,000 tonnes.

Italian machine-tool exports likely to fall

BY ALAN FRIEDMAN IN MILAN

ITALY'S exports of machine tools are expected to decline this year by 2.6 per cent in inflation-adjusted terms, to L1,450bn ($1.6bn).

Italy is the world's fifth biggest producer and exporter of machine tools and factory automation products.

The lacklustre export forecast, from Ucimu, the Italian machine tools manufacturers' association, comes in the wake of a 1986 rise of just one percentage point (in real terms) in Italian exports, or 7 per cent at current prices.

The cautious 1987 outlook comes as Italian machine tools makers are struggling to remain competitive in the face of a weaker US dollar and stiff competition from the Japanese, who are increasing their penetration of the Italian market.

The last time Ucimu reported a buoyant export performance was in 1985, when sales outside of Italy jumped by 28.9 per cent in inflation-adjusted terms (37.9 per cent at current prices).

Domestic deliveries in Italy were up by 16.5 per cent in real terms last year, but imports continued to grow.

Indeed, the Italians imported 28.2 per cent (in real terms) more machine tools products last year, or L517bn worth, and the 1987 figure is forecast to be L570bn.

This left a 1986 trade surplus in the sector of L929bn, down from L976bn in 1985. The forecast is a diminished L880bn 1987 trade surplus.

Total sales of Italian machine tools and flexible manufacturing systems (FMS) rose by 6.7 per cent in real terms last year, to L2,422bn.

This year total sales will rise by less than 1 per cent, to L2,530bn, Ucimu said yesterday.

● Pirelli, the Milan-based tyre and cables company, is to pool its electric motor wire manufacturing activities in a joint company with those of two other companies—Zanussi, the home appliance group controlled by Electrolux of Sweden, and Invex, a Milan-based company.

The joint venture is designed to achieve the volume which the companies say is needed to compete more effectively on the international market.

Hugin Sweda in output switch to Portugal

BY DIANA SMITH IN LISBON

HUGIN SWEDA, world leaders in retail electronics point of sale systems, has switched production of its point of sale machines from Japan to Portugal.

Initially, 100,000 point of sale machines will be manufactured at the Timex factory, south of Lisbon. Nearly all will be exported at a value of about Es 7bn (£31.2m).

The transfer is a major coup for Portugal. For many years the country has hoped to attract high technology manufacture, and in recent years intensive efforts have been made to encourage co-ordination in research and development between the National Research Laboratory, universities and manufacturers.

Timex, now run by Portuguese, has been diversifying its production steadily since the mid-1970s. In recent years it has assembled Sinclair mini computers for export

The switch of Hugin Sweda manufacture from the Pacific rim to Portugal has apparently been motivated not only by Portugal's low manufacturing costs, but by the acknowledged flexibility of Portuguese manpower which is eager to learn new techniques, and the successes in recent years in terms of productivity of two US-owned high technology units, Texas Instruments in the north and Data Control across the river from Lisbon.

Texas Instruments claims that the productivity of the Portuguese factory is the highest of any of its factories outside the US.

The heads of Timex, commenting on the transfer of manufacturers of sophisticated equipment from Japan to a member of the EC, said that it was a victory for co-ordination of research, since the manufacturing technique and software have been developed in Portugal.

Asea shares power deals

BY SARA WEBB IN STOCKHOLM

ASEA, the Swedish electrical engineering group, and Standard Telefon Kabelfabrik, the Norwegian cable manufacturer, have won orders totalling SKr 980m (£96.2m) from the Swedish and Finnish state power boards to supply power transmission and cable equipment.

The equipment is for use in the 500 mw, 400 kv Fenno-Skan high voltage direct current transmission project intended to link the Swedish and Finnish grids, allowing an increased exchange of electricity between the two countries. The link is supposed to start operating by the end of 1989.

Vattenfall, the Swedish power board, and Imatran Voima Oy, its Finnish equivalent, are investing SKr 1.5bn in the project. Asea's part of the contract, which is for cable and convertor equipment, is worth SKr 700m while Standard Telefon Kabelfabrik's part of the order is worth SKr 280m.

Neutral trade regimes boost economic growth

BY MICHAEL PROWSE

IF THIRD WORLD countries wish to maximise their rate of development, they should adopt "outwardly oriented" trade policies. This is the uncompromising message at the heart of this years World Development Report from the World Bank, which focuses on the relationship between trade and industrialisation.

By outward-oriented, the Bank does not mean policies which specially favour exports. It is not encouraging developing countries to pursue "export led" growth, but rather to avoid any discrimination between production for domestic consumption and exports.

The neutral regime advocated by the Bank contrasts with the "inward oriented" trade policies popular in much of the Third World. Many countries provide special incentives and subsidies which bias production in favour of the home market.

The Bank rests the case for non - discriminatory trade policies mainly on an exhaustive analysis of 41 developing countries which it divides into four categories: strongly outward oriented (a select group including only South Korea, Hong Kong and Singapore); moderately inward oriented (a category including Mexico, Kenya and the Phillipines); and strongly inward oriented (a group including Bolivia and many of the weakest sub-Saharan economies.

INDUSTRY GROWS FASTER IN OUTWARD LOOKING COUNTRIES★ (%)

TRADE STRATEGY	Average annual growth of real manufacturing value added		Average annual growth of real agricultural value added		Average share of manufacturing value added in GDP		Average share of labour force in industry		Average annual growth of employment in manufacturing	
	1963-73	1973-85	1963-73	1973-85	1963	1985	1963	1980	1963-73	1973-84
Strongly outward oriented	15.6	10.0	3.0	1.6	17.1	26.3	17.5	30.0	10.4	5.1
Moderately outward oriented	9.4	4.0	3.8	3.6	20.5	21.9	12.7	21.7	4.6	4.9
Outward oriented (average)	10.3	5.2	3.7	3.3	20.1	23.0	13.2	23.0	6.1	4.9
Moderately inward oriented	9.6	5.1	3.0	3.2	10.4	15.8	15.2	23.0	4.4	4.4
Strongly inward oriented	5.3	3.1	2.4	1.4	17.6	15.9	12.1	12.6	3.0	4.0
Inward oriented (average)	6.8	4.3	2.6	2.1	15.2	15.8	12.7	14.1	3.3	4.2

NB: Averages are weighted by each country's share in the group total for each indicator

*41 developing countries are grouped by trade orientation

Source: World Bank

The main criteria for the classification are as follows. Economies are judged more inward looking the higher their effective rate of protection of the home market, the more overvalued their exchange rate, the more they resort to direct import controls and the less they rely on export incentives.

The Bank's argument, quite simply, is that the performance of the outward orientated economies has been superior to that of the inward oriented economies in almost every respect. This has held good both during benign world conditions (1965-1973) and during more troubled times (1973-85).

The chart (far right) shows per capita GNP growth rates in a clear descending pattern as economies become more inward looking. Between 1973 and 1985, for example, per capita GNP grew by 6.9 per cent a year in the strongly outward oriented economies compared with —0.1 per cent in the strongly inward oriented economies. The former also experienced much faster growth of manufactured exports, lower inflation, more efficient capital investment and, by 1985, a much higher savings rate.

Industrialisation in general appears to have proceeded faster in the economies that have discriminated less against exports. Between 1963 and 1980, for example, the share of the labour force in industry rose from 17.5 per cent to 30.0 per cent in the strongly outward oriented economies compared with a rise from 12.7 per cent to only 14.1 per cent in the strongly inward looking economies.

The Bank puts forward several theoretical justifications for the superior performance of the outward-oriented economies. The most fundamental is that even-handed treatment of production for home and overseas markets leads to the most efficient allocation of resources.

It says the regulations, subsidies and restrictions necessary to support inward oriented trade policies impose burdens both on consumers, who face higher prices, and on non-protected producers. It argues that import protection often turns into an implicit tax on exporters, who face fixed prices for their outputs on world markets but experience rising domestic costs of production. In Colombia in the 1970s, 95 per cent of the cost of import protection was apparently borne by exporters.

Administrative controls also impose bureaucratic costs and encourage what economists have dubbed "rent-seeking" activities. For example, resources are wasted in the pursuit of the monopoly profits confered by scarce import licences.

On the positive side, an outward orientated strategy allows companies to reap economies of scale because the size of the domestic market (often small in developing countries) ceases to be a constant for producers. The Bank argues that the greater competition it brings also stimulates innovation, high productivity growth and inflows of foreign capital.

But it concedes that a transition from inward to outward oriented trade policies can present problems. The change inevitably means that some activities become unprofitable and the ensuing bankruptcies and redundancies can sap political will to continue with liberalisation.

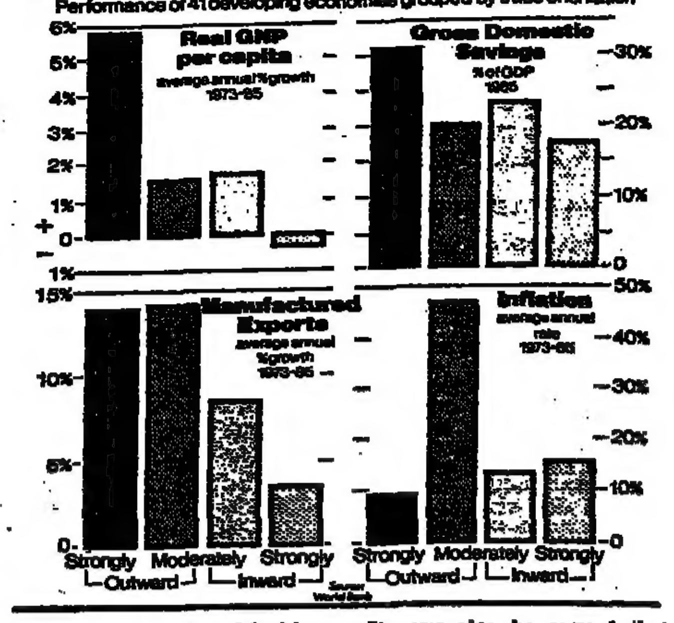
The Bank's arguments in favour of more outward looking trade policies are unlikely to go unchallenged. Its sample of strongly outward orientated economies—just three Asian high achievers—is uncomfortably small for drawing radical conclusions and the differences in economic performance between the moderately inward and moderately outward looking economies is much less marked than those between economies at the extremes of the Bank's sample.

It may also be argued that there is a fallacy of composition: all developing countries cannot pursue the policies that were successful for South Korea and Hong Kong because indusrtial countries would not accept the ensuing rise in imports.

World Development Report available from Oxford University Press Bookshop, 72 Charing Cross Road, WC2. Hardback £22.50p: Paperback £8.95p. Published by OUP.

Outward Looking Economies Do Better

Performance of 41 developing economies grouped by trade orientation



Source: World Bank

Dallas and debt swaps add zest to weighty prose

BY PETER MONTAGNON

BRITISH devotees of *Chateauvallon*, French television's surrogate version of *Dallas* which is shown on Channel 4, probably do not realise how lucky they are.

According to the World Bank Development Report, Britain limits foreign productions to only 14 per cent of air time on independent television stations. This is just one barrier to international trade in services, a topic that is now being taken up in the Uruguay Round of multilateral trade liberalisation talks.

This is a nugget contained in one of many diversionary panels which study the report, lightening its presentation and providing a wealth of useful and not-so-useful information to help initiate the general reader into the mysteries of trade politics.

Drivers of Ford Escorts will discover from another such panel that Ford draws on the efforts of suppliers in no less than 15 different countries to make up the car, with Denmark providing those all-important fan-belts.

Only superficially more complicated than the maze at Hampton Court is a schematic represenation on page 23 of how debt-equity swaps in Chile actually work.

Elsewhere Indonesia gets a pat on the back for its policy response to declining oil prices, while the report also offers a retrospective on the famous golf cart case of 1975 when the US imposed countervailing duties on golf carts manufactured by the Polish Pezetel concern.

Central planning does not allow for a domestic market for golf carts in Poland so the US had to prove dumping by comparing Pezetels products with golf carts made by a Canadian producer who subsequently went out of business. Not long afterwards the anti-dumping action was dropped.

A story with a less happy ending involves the efforts of one of the world's poorest countries, Bangladesh, to enter the world textile market. Its first signs of success were met by the imposition of quotas by the US, France and the UK. The US quotas were so strict that Bangladesh stopped expanding its textile industry and for a time had facilities starting idle.

The situation has now eased somewhat, the Bank reports, but quota restrictions still discourage investment in a sector in which Bangladesh clearly has a comparative advantage.

Preferential trade deals may prove a Faustian bargain

BY PETER MONTAGNON, WORLD TRADE EDITOR

DEVELOPING countries have powerful reasons for taking an active part in the Uruguay round of multilateral trade liberalisation talks now under way in Geneva, the World Bank says.

In the past they have preferred to sit back while developed nations negotiated tariff cuts among themselves and rely on the special treatment available to them under the Generalised System of Preferences. "This may not have been the best strategy."

Benefits from the GSP in terms of duty free access for their products to industrial country markets have been smaller than they might have expected; tariff cuts negotiated by developed countries have concentrated on products of less interest to the developing world; and developing countries have faced severe non-tariff barriers.

The Bank warns that some of the more advanced developing countries now run the risk of having restrictions placed on their exports to industrial nations, or of being forced by such a threat into making bilateral concessions that could leave them worse off than if they negotiated effectively in the Gatt.

"It has been suggested that by accepting special and differential treatmen the developing countries have struck a Faustian bargain.

"In exchange for preferences, which brought them limited and risky gains, they have given up a voice in reciprocal trade negotiations and left themselves open to attack by protectionists in the industrial countries, who accuse them of unfair trade. The most mature developing countries, at least, should ask themselves whether this bargain still makes sense."

Throughout its report the Bank lays emphasis on the importance of the Gatt round to the world trading system. It warns that disciplines in trade are being eroded through the proliferation of non-tariff barriers such as voluntary export restraints.

The proportion of North American and European Community imports affected by various non-tariff restrictions has risen by more than 20 per cent between 1981 and 1986, it says. They particularly affect exports of developing countries.

Implicit in the report is criticism of US trade policy which involves using protection as a lever to open other countries' markets. This is "another step down the road to managed trade."

"Each individual trade deal may seem insignificant, but it invites further political action of the same kind and undermines the system of rules governing trade in the Gatt."

The Bank notes that developing countries were reluctant to embark on international negotiation on services and investment in the framework of the Gatt, but in fact the agenda for the Uruguay round broadly meets their wishes.

Most developing countries would benefit by reducing their own levels of protection and this would be an easier process if they could gain greater access for their products to the markets of developed countries.

This requires that trade barriers should not increase and preferably should decline. For developing countries, significant gains from the Uruguay round will require their full and active participation.

Policy reforms could help double Third World growth

BY MICHAEL PROWSE

DEVELOPING countries enjoy per capita economic growth of almost 4 per cent a year over the next decade, says the World Bank in its annual assessment of economic prospects in the Third World. But it warns this comparatively rapid growth will not be achieved unless governments take concerted action to tackle international imbalances and improve the efficiency of markets for goods, services and capital.

Without the needed policy reforms—which include action to reduce the US budget deficit, to roll back protectionism and to cut European unemployment —per capita growth in developing countries is likely to average no more than 3 per cent a year. This would leave the 17 most heavily indebted countries in "deep trouble" and with little prospect of reducing the overhang of debt that is burdening their economies the bank says.

The "high growth" path, if it could be achieved, would amount almost to a restoration of the benign economic conditions of the 1960s. It would imply growth of output and imports of nearly 6 and 8 per cent respectively, and a reduction in the overall debt service ratio from 22 per cent in 1986 to roughly 13 per cent by 1995.

But most developing countries can look forward to slightly better times even under the more pessimistic "low growth" case. This envisages growth of output and imports of about 4 per cent a year compared with only about 3½ per cent and 1 per cent respectively between 1980 and 1986. The average debt service ratio would fall to 18 per cent by 1995.

Different types of developing country face very different prospects, partly because the Bank forsees much faster growth of exports of manufactures than of primary goods. Countries, such as South Korea and Brazil, which export a comparatively high proportion of manufactures, can expect to do much better than those more heavily reliant on agricultural products or oil. Under the high growth scenario, exporters of manufactures are forecast to grow at almost 7 per cent compared with only 4½ per cent for oil exporters.

The outlook for sub-Saharan Africa remains especially bleak. The Bank predicts per capita growth of only 0.7 per cent a year over the next decade even under the optimistic high growth scenario; it forsees no rise at all in personal incomes in the low growth case.

The Bank will not attach probabilities to the high and low growth paths, arguing that its intention is merely to illustrate the difference that policy reforms could make. However, the high growth scenario assumes not just that Third World governments embrace structural adjustment policies, but that annual growth in the industrial countries accelerates from 2½ per cent to 4.3 per cent and that this faster momentum is maintained for a decade.

Sustained growth at this rate would require significant liberalisation of the global trading system, reform of agriculture policies, overhaul of labour markets and an improvement of education and training in industrial countries, as well as more balanced macroeconomic policies. Officials launching the report conceded that the reforms required "look unlikely at present."

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MANAGEMENT

Howard Hodgson (left) and Edward Field: spearheading the industry's move to conglomerates

A more orderly undertaking

Alice Rawsthorn explains why three groups are restructuring the UK funeral business

DURING THE last decade or so, a revolution has been taking place behind the sombre facade of the British funeral parlour. The familiar family firms which have dominated the undertaking industry for centuries have slowly, but steadily, been supplanted by a new breed of mini-conglomerates.

Ever since the last century, when the disposal of corpses passed from the hands of the village carpenter or blacksmith to the new profession of the undertaker, the funeral service industry has been fragmented between one force, the Co-operative movement, and thousands of family firms.

The Co-operative movement still dominates the funeral industry, but three new forces—Hodgson Holdings, Great Southern Group and Kenyon Securities—have been building up market share steadily in the late 1970s and the early 1980s.

In one respect the three have adopted a common approach—expansion by the acquisition of traditional family firms. But beyond that their strategies have been very different. Kenyon, for example, has very much a "hands off" style, leaving its acquisitions to continue as they always have done. In sharp contrast, Hodgson keeps a tight control from the centre. Local parlours provide the business, but administration and the actual funeral services are provided on a regional basis. Great Southern has opted for something in between.

The flurry of acquisitions by the three companies has been prompted by the simple fact that any ambitious undertaker has little alternative.

While the number of elderly people within the UK population is growing rapidly, and will continue to do so for the next 40 or 50 years, modern medicine should ensure that the death rate will remain stubbornly static until the end of the next decade.

But increasing market share by internally generated growth is very difficult. Local communities tend to be intensely loyal to particular firms which have served them for generations. It is extremely difficult for one firm to coax business away from another, and if a firm moved into a new area it would take at least a decade to build a viable base for a new business.

To help finance their acquisition programme all three have gone public in the past four years by joining the Unlisted Securities Market.

Howard Hodgson, the eponymous chairman of Hodgson Holdings, has turned the Birmingham funeral home and two branches he bought from his father in 1975 into an extensive group conducting more than 25,000 funerals a year. A whirl of acquisitions culminated in his recent coup: the purchase of half of the House of Fraser's undertaking interests.

The other two conglomerates have even longer pedigrees. The owners of Great Southern, the Field family, has been involved with the industry since the 17th century. Great Southern, originally a cemetery and crematoria operator, returned to funeral directing in 1972 and now owns 100 branches.

Kenyon Securities has built up a business composed of 40 funeral directors since the founding family under Michael Kenyon, the present chairman and great grandson of the founder, regained control in 1976.

There is a plentiful supply of old family firms to buy. Gone are the days when sons, or daughters, dutifully followed parents and grandparents into the business.

Undertaking is an exhausting occupation. The undertaker is on call 24 hours a day for seven days a week. The combination of high fixed costs—with hearses, embalming facilities and refrigeration units to maintain — and a static death rate, has taken its toll on profitability. Many independent businesses have found it difficult to survive. The conglomerate, by contrast, can reduce fixed costs through economies of scale.

Kenyon has adopted a "hands off" approach because, maintains chairman Michael Kenyon, "the local undertaker knows the local folk best."

Thus local managers — generally the same people who ran the businesses before acquisition — run their own branches. Intervention from head office is minimal. Accounts are handled centrally while three main board directors, including Michael Kenyon, ensure that the requisite standards of service and quality are maintained by regularly visiting the local branches.

Michael Kenyon maintains that this system combines the efficiency of a large organisation with the standard of service offered by a smaller business. But his company is in a protected position in that as the "poshest" of the three conglomerates — it acts as undertaker to the Royal family — Kenyon has the wealthiest client base. Expenditure on funerals tends to polarise within the social structure: the working and upper classes are more likely to splash out on expensive funerals than the middle classes.

Great Southern, in contrast to Kenyon, favours centralisation. The group is divided into three regional divisions, each operating under a regional manager who reports to the executive board at head office. The individual undertakers in the group are clustered around regional centres which accommodate all the functional aspects of the funeral, such as embalming and monumental masonry.

When a funeral business is acquired the building and staff are retained but unwanted assets, such as decrepit hearses, are sold off. The local undertaker continues to deal with the bereaved and make arrangements with the local church and hospital. But funeral facilities are provided centrally, offering opportunities to achieve economies of scale.

Colin Field, Great Southern's managing director, maintains that this system ensures that the local undertakers are left to do what they do best — organise funerals — while head office assumes all other responsibilities.

Like Great Southern, Hodgson favours a centralised structure, but it has gone much further. The group is composed of six regional divisions with satellite branches, or "points of sale" as Howard Hodgson likes to call them, grouped around central funeral homes.

The emphasis within Hodgson Holdings is to maximise the benefits of economies of scale. Thus the "points of sale," or local funeral parlours, are often staffed by a single person. Once the details of the funeral have been taken, the nearest branch takes over. Hearses, coffins, embalming, refrigeration facilities are all provided from the branch, and accounts from head office.

Hodgson also ensures that standards are maintained through scheduled visits and spot checks.

Judging by the frenetic pace of acquisitions, and the performance of its share price, Hodgson is the most successful of the undertaking conglomerates. Howard Hodgson, as flamboyant an individual as he is a businessman, has emerged as a controversial figure within the industry. His competitors—including Kenyon and Great Southern — mutter darkly about the "asset strippers" and "cowboys" devaluing their profession.

Howard Hodgson is undeterred. "What is so wrong with success?" he says. "Our customers need never know that dear old Mr Bloggs, who buried their grandparents, has sold up to a conglomerate. The only visible difference is that the toppers and tails are smarter, the funeral parlour has had a lick of paint and the hearses are more modern. It is behind the scenes that everything has changed."

Cost accounting

Old practices that distort decisions

BY WILLIAM DULLFORCE

FACTORY MANAGERS are in danger of being swallowed up by the black holes of cost accounting, Professor Roger Schmenner proclaims. His hyperbole highlights a more prosaic message: factories that have been transformed by automation are still using old accounting practices that distort management decisions.

The escape route — for, naturally, he has identified one, entails switching from full costing procedures to the use of "throughput time" in allocating overheads.

Schmenner, visiting professor of business administration at IMEDE, the Lausanne business school in Switzerland, on leave from the Indiana University school of business in the US, has written three books on production and operations management. The US Department of Commerce has sponsored his most recent research into factory productivity.

His views on companies' current cost accounting methods* have evolved from his studies of just-in-time manufacturing and his discovery that most factory line managers are blissfully ignorant of the impact cost accounting systems have on their operations.

A departmental manager is preoccupied with overhead charges—usually assessed by a direct labour quotient—as a consequence of current accounting systems. Instead, the manager should be thinking about productivity and total costs, not worrying about his direct labour costs, Schmenner says.

Current accounting therefore leads him to cut his overhead costs by reducing labour costs. This means, according to Schmenner, that he is being given the wrong incentives and that current accounting systems inhibit true productivity improvement.

Because overheads are often allocated on the basis of direct labour, a manager can make his operation look better—at least in the short run—by cutting the head count. He gets a double benefit: both the direct labour cost and the overhead allocated to his operation are reduced.

Historically, Schmenner acknowledges, labour cuts have been an important way of raising productivity. In a modern production plant, however, direct labour costs make up only 5-10 per cent of the cost of the goods sold.

Materials and overheads are often much more significant charges but the manufacturing line manager is not measured against material costs (though the purchasing department is) and he considers overheads to be something over which he has no control.

The "bias against labour" in current accounting, in Schemner's view, encourages some questionable practices among line managers. They include:

- "Cherry picking" those orders that are most convenient to run, not those that are most needed;
- accepting any order to build up volume, even if it does not make sense for that particular plant to produce the order;
- producing in long runs quantities that often exceed the product line's immediate needs;
- postponing preventative maintenance;
- pushing products from one plant to another, even if they are defective or need rework, simply so that the plant can be credited with "earned hours."

Schmenner also lists harmful "cost mirages" in current procedures which give the impression that certain costs exist when they really do not.

One instance concerns set-up and order costs which are typically costed by labour hour standards, when the true costs are either minuscule (because lots of excess capacity exists) or much higher than the accounting system shows. The result is wrong lot-size decisions.

On a wider level than that of the departmental or line manager the black holes of cost accounting can lead to faulty resource allocation, Schmenner claims. He cites the manager who gives up the fight for an innovation because he feels he cannot argue against the rigidities of the accounting system.

Low volume products, often of necessity more labour intensive, are shunted aside and loaded with more overhead than they deserve. Tagged as "dogs," they give management an excuse for not investing in their future.

Managers are doing themselves a disservice by accepting cost accounting systems that distort decisions: they should stand up for a system that is as neutral as possible, Schmenner argues.

Alternatives exist, among them "direct costing" practices which charge to products only those costs directly connected with their production, such as materials and direct labour. This method faces a difficulty in evaluating inventories because, some argue, given that machines substitute for labour, machine expenses should not be excluded from product cost.

Full costing is still valuable for making some key decisions, about marketing for instance, Schmenner contends. But he wants it modified so that overheads are allocated according to throughput time rather than by direct labour or machine hours.

Throughput time is defined as the time between the moment a batch of materials enters the factory ready to be worked on and the moment it stands on the loading dock as finished goods, inspected and ready for shipping or warehousing. It is calculated as an average of the throughput times for the various batches, allowing for any time a batch spends in the rework area.

Given its biases—lower inventories, less rework, less space, fewer transactions — reduced throughput time is precisely the incentive factory managers should concentrate on, Schmenner claims.

Managers would no longer avoid bringing in direct labour to break a bottleneck. And no longer would just any product be taken on, only those that make sense for the process. If longer runs impeded the throughput time of orders, they would be scrapped in favour of more set-ups.

Would not the emphasis on speed be detrimental to quality control? "If you have 20 per cent of your output junked at quality control, you will soon see the point in getting quality right the first time," Schmenner ripostes.

**A four-page paper is available from IMEDE, PO Box 915, CH-1001 Lausanne, Switzerland.*

Business courses

Sales planning, London, August 20-21. Fee £575 individual plus VAT; £520 each additional plus VAT. Details from Frost & Sullivan House, 4 Grosvenor Gardens, London SW1W 0DH. Tel: 01-730 3438. Telex: 261671 Fax: 01-730 3343.

Selling a Service, Manchester. July 13. Fee £120 plus VAT members of IM; £140 plus VAT non-members. Details from IM Marketing Training, Moor Hall, Cookham, Maidenhead, Berks, SL6 9QH. Tel: 06285 24922

Strategic Planning, Warwick. September 18. Fee £140 plus VAT; individual/associate members £120 plus VAT; corporate members £100 plus VAT. Details from Strategic Planning Society, 15 Belgrave Square, London SW1X 8PU. Tel: 01-235 0246.

Operational Auditing, Brussels. August 5-7. Fee: BFr 69,000 non-members; BFr 62,100 members. Details from Management Centre Europe, Postbus 95, NL 3417 ZH Montfoort, The Netherlands.

Receptionists and Telephonists, heightening their skills, London. July 24. Fee £120 plus VAT IM members, £140 plus VAT non-members. Details from IM Marketing Training, Moor Hall, Cookham, Maidenhead, Berks SL6 9QH. Tel: 06285 24922 Ext 29.

Marketing Management, Brussels. September 14-18. Fee non-members BFr 85,000, members BFr 76,500. Details from Management Centre Europe, Postbus 95, NL 3417 ZH Montfoort, The Netherlands.

Making successful acquisitions, London. July 15. Fee: £189.75. Details from Ashridge Management College, Berkhamsted, Herts.

General Management Development Programme, Bromley. September 6-25. Fee: £2,625 plus VAT. Details from Marjorie Brown, Client Services, Sundridge Park Management Centre, Bromley, Kent BR1 3TP. Tel: 01-460 8585.

Public Notices

CREDIT CARD SERVICES

Monopoly Investigation

The Director General of Fair Trading has asked the Monopolies and Mergers Commission to investigate whether the suppliers of credit card services in the United Kingdom are monopolists, and if so, whether they are acting against the public interest.

The Commission will investigate the services provided by the suppliers of credit cards both to cardholders and to retailers including the rate of interest charged to cardholders, and the charges paid by and agreements made with retailers.

If you have any evidence or views likely to help the Commission in their inquiry, please write to:

The Secretary
Monopolies & Mergers Commission
New Court, Carey Street
London WC2A 2JT

Please also encourage any relevant organisation to which you belong to submit views and evidence to the Commission.

COMPETITION ACT 1980
NOTICE UNDER SECTION 3(2)(b)
SOUTHERN VECTIS OMNIBUS COMPANY LIMITED

Under section 3 of the Competition Act 1980 the Director General of Fair Trading is to investigate whether The Southern Vectis Omnibus Company Limited (Southern Vectis) has been or is pursuing a course of conduct which amounts to an anti-competitive practice.

The matters to be investigated are:—

(1) the conduct of Southern Vectis in deciding whether to make arrangements for use of its bus station at Newport, Isle of Wight, as a parking place or point at which passengers may be taken up or set down by other bus service operators; and

(2) whether that conduct restricts, distorts or prevents competition in connection with the provision of bus services in the Isle of Wight.

For the purposes of this investigation: "bus service operator" means any person supplying bus services by means of public service vehicles within the meaning of the Public Passenger Vehicles Act 1981.

If you have any information which you consider would help the Director General, please write to: Office of Fair Trading, Branch CP1C, Chancery House, Chancery Lane, London WC2A 1SP.

Your letter should arrive as soon as possible if it is to be taken into account in the enquiry.

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US$50,000,000 FLUCTUATING INTEREST RATE 1991 BONDS

The holders of US$50,000,000 fluctuating interest rate 1991 bonds, are advised that all the outstanding stocks will be called for general redemption of 31 July 1987, at par.

The principal, the interest, are payable on presentation and remittance of each bond with all the coupons, to BANQUE NATIONALE DE PARIS, PARIS, and all offices of the following banks:

—BANQUE NATIONALE DE PARIS (LUXEMBOURG) S.A.—LUXEMBOURG

—BANQUE NATIONALE DE PARIS P.L.C.—LONDON

—MORGAN GUARANTY TRUST COMPANY OF NEW-YORK—NEW-YORK

After captioned date, the accrued interest will stop upon the bonds.

TECHNOLOGY

A phone to fit everyone's pocket

David Thomas reports as Motorola prepares to take its cellular message to the masses

MOTOROLA, the US company that led the way in introducing cellular telephones which could be carried outside the car, is working on a raft of technological developments intended to revolutionise the portable phone market.

At stake, Motorola reckons, is the chance to create a truly mass celluar telephone market in the 1990s. Cellnet, one of the two cellular networks in the UK, says only a fifth of cellular telephones used in Britain are currently hand-portable: it believes this will increase to about a half, if equipment manufacturers can achieve the radical breakthroughs Motorola hopes to introduce.

Motorola plans to launch — probably next year — a portable telephone which it says will be the first step towards that mass market. It will set new standards in terms of weight, size and price, the company claims.

Ed Staiano, in charge of Motorola's cellular business, speaking at the company's headquarters just outside Chicago, said: "we are on the verge of a massive reduction in the size, weight and cost of personal communications devices."

He explained that his aim was to make a cellular phone "body friendly"—light and small enough for a person to carry around in a pocket or handbag without noticing it.

Motorola's smallest portable at present weighs 28 ozs and measures 45 cu in. Staiano describes this as merely "briefcase friendly."

The company is reluctant to talk too much about its research in case it gives ideas to its competitors, but it is working in at least three areas:

● Battery technology. The battery is an obvious focus for action because, at present, it acounts for about a quarter of the weight of a portable phone. A battery of about seven ounces is needed to keep a portable unit running for a day.

However, Motorola says battery technology is improving along two lines. The amount of power required to do the same task will be reduced, cutting the battery weight to four ounces.

Moreover, just over the horizon, Motorola says, are new lithium-based batteries, for use in portables which will be even lighter. Motorola believes portables will be using one-ounce batteries in the next five years.

● Fewer parts. Simultaneously Motorola is building on its strengths as one of the world's leading semi-conductor companies to try to slash the number of components in the portable phones.

Staiano outlines the relevant figures: in 1982, each portable had about 3,500 separate parts; now it is down to 500; and the aim is to push the figure below 200. "We are deeply into the research to make that happen," he asserts.

● Better design. Motorola is also re-thinking some of the fundamental design concepts of portable phones in its bid to get them smaller. For example, it is intending to build the aerial into the interior of the phone.

How successful the US company has been should be clear when it launches its new portable telephone, probably sometime next year. Has it driven the weight appreciably below 20 ounces? And how much will it shave of its price—now running at about £1,800 for most portables?

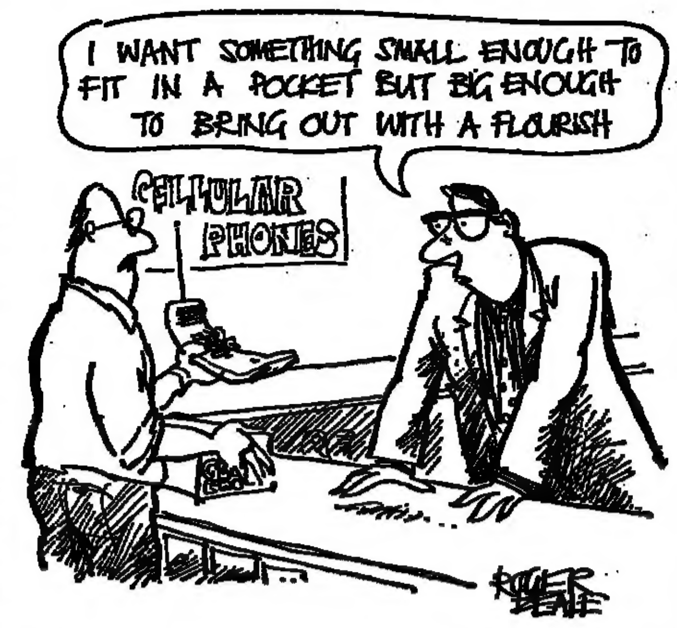
IN ADDITION to its thrust for a mass portable phone market, Motorola is planning to launch this year a cellular telephone with a more limited sales appeal—a unit with an in-built scrambler to stop important calls being overheard.

Motorola says there have been enough stories of price-sensitive cellular calls on Wall Street and in the City being casually everheard for there to be a market for secure phones.

Someone listening into a conversation on a scrambler phone will hear nothing but a jumble of metallic sounds.

Motorola admits that the extra cost—a scrambler phone will probably be about £200 more than a standard cellular phone—offers only relatively low-level security. A professional tapper could still get round the scrambler.

Nevertheless, Mr Colin Davis, managing director of Cellnet, believes there will be a market for secure cellular phones. "Once some people in the City have them, then demand will catch on," he claims.



Why Hewlett Packard looked East for its computer innovation

BY STEPHANIE YANCHINSKI IN SINGAPORE

HEWLETT PACKARD, the US computer company, is bucking current trends, and expanding its assembly plant in Singapore to include a showpiece research and development (R&D) centre. Although many computer giants, most notably the Japanese, continue to move manufacturing to low cost centres such as Singapore, HP is one of the few to see the former entrepot hub as a major hotbed of computer innovation outside of its American home base.

At the opening of a new S$28m (US$13m) facility in Singapore, vice-president Bill Terry revealed that HP would spend S$40m building up its R&D over the next five years, with more to come. Moreover, this was only part of a planned S$90m expansion package, including the construction of a "state-of-the-art" fabrication facility for manufacturing gallium arsenide "super-quick thinking" chips for advanced optoelectronic devices.

The company has selected Singapore at a time when the island republic's computer industry is moving away from simple assembly, and into sophisticated product development, including software design and artificial intelligence (the ability of computers to make human-like judgments). Also, the Singapore subsidiary has already shown an outstanding record in developing new products which, according to Terry, fully justifies his company's investment.

Western methods of inventiveness have been adapted to the Asian culture

Hewlett Packard normally expects a return of 20 times on R&D projects, and Terry says that "the folks in Singapore have more than fulfilled that expectation" in the brief two years that the embryonic R&D centre has been in operation.

New products taken up by HP worldwide include a new family of keyboards, made with a proprietary plastic moulding process, and incorporating a VLSI (very large scale integrated) chip for keyboard control developed in Singapore.

Hewlett Packard management believes it has found the key to unlocking Asian skills at product development by a shrewd adaptation of Western methods for encouraging invention to the Asian culture. Lawrence Brown R&D director at Hewlett Packard, Singapore claims to have slashed the gestation time of a world-class product from seven months to two with his new style of management.

When HP decided to create a research centre in Singapore over two years ago, Brown says, "We had an ideal opportunity to take on the age-old problem of linking product development and marketing without the historical bias present elsewhere in the company." He found the Singaporeans particularly responsive to the notion of introducing marketing goals early on in research—a function of the marketing team under Patricia White, who works unusually closely with the engineering teams.

"This," says Brown, "fits in with the local preference for being given (rather than developing) the necessary data on users needs, and the product to be developed. They are geared towards productivity, getting things done, and executing commands."

For instance, "they get turned on by tools and want to apply them right away," says Brown. Thus HP provides each engineer with his own workstation which includes sophisticated CAD (computer aided design) equipment and pre-released software. These in turn are hooked up through electronic communications networks to all parts of the company's far-flung empire.

Brown comments that "We give the designer the opportunity to learn in advance of the world, which creates a real excitement at the workbench. Given a chance to feel they can contribute, they get it right the first time."

Early results from the investment have more than fulfilled expectations

However, he admits this would appeal to engineers anywhere. The fundamental reason why HP has succeeded so spectacularly in Singapore, he says, is because "We try to capitalise on their strong points, not change the culture."

For instance, the company fully exploits the solid analystical skills fostered by Asian education, and the desire to get to the root cause of any problem. This is a characteristic less evident in the US, says Brown.

Singaporeans share the Japanese obsession with quality but possess something more: an interest in lowering costs, which Brown says he has found nowhere else in the world. He says that "this is as exciting to our engineers as a wholly new process would be to an American," and allied to the Singaporeans' ability to manipulate methods and processes, is what makes working in Asia so rewarding.

Brown admits that fostering true independent thinking remains a problem with Asians who generally are more concerned with immediate returns. However, even this has been largely solved by recruiting Western-trained Singaporean expatriates with an attitude to research which complements that of their home-grown colleagues' attention to detail.

Drumming at four to the bar

FORTY-FIVE gallon drums can be handled four at a time using the LOM-4, an attachment for fork lift trucks devised by Liftomatic International of Merseyside.

The device operates on a nest of four drums but does not grasp them round the outside, which can take up space during loading on vehicles and disturb previously loaded items.

Instead, the centre of the LOM-4 descends into the hole in the middle of the nest while four grabs move down and clamp under the drum rims. When the load is raised, its weight forces the clamps to push the rims together on the central member, holding all four drums securely.

When the load is put down, the grabs are automatically released and the truck can move away immediately. The LOM-4 is not driven and is worked entirely by gravity. It costs from £2,800 to £3,350.

Revolution day for compact discs

US MATERIALS group 3M now offers a 24-hour turnround time for the production of CD-ROM (compact disc read only memory) discs at its Menomonie, Wisconsin plant in the US. The deadline for receipt of computer tapes holding the customers data is 1.00 pm on the day before shipment of the first 100 discs.

The service carries a premium charge. But it will be attractive to publishers aiming at quick provision of text and graphics to subscribers using CD-ROM readers and personal computers to access specialised information.

IBM feels pulse at edge of time

IBM SCIENTISTS at the Yorktown Heights laboratories in New York say they have made and measured electrical pulses that are only 0.5 picosecond long. A picosecond is one millionth of a millionth of a second.

Apart from merely making an entry (presumably) in the Guinness Book of Records, the achievement is important for the future of computers because, if they are to run faster and cope with more information per unit of time, then the pulses that represent basic units of information (bits) will have to be shorter.

Technically, the IBM technique involved firing a split laser beam at a microscopically-sized electrical transmission line. The second part of the beam was delayed optically (by increasing its path length slightly). The slightly different arrival times at the electrical line (which consists of one micron wide aluminium strips, two microns apart) is responsible for the 0.5 picosecond pulse length.

WORTH WATCHING

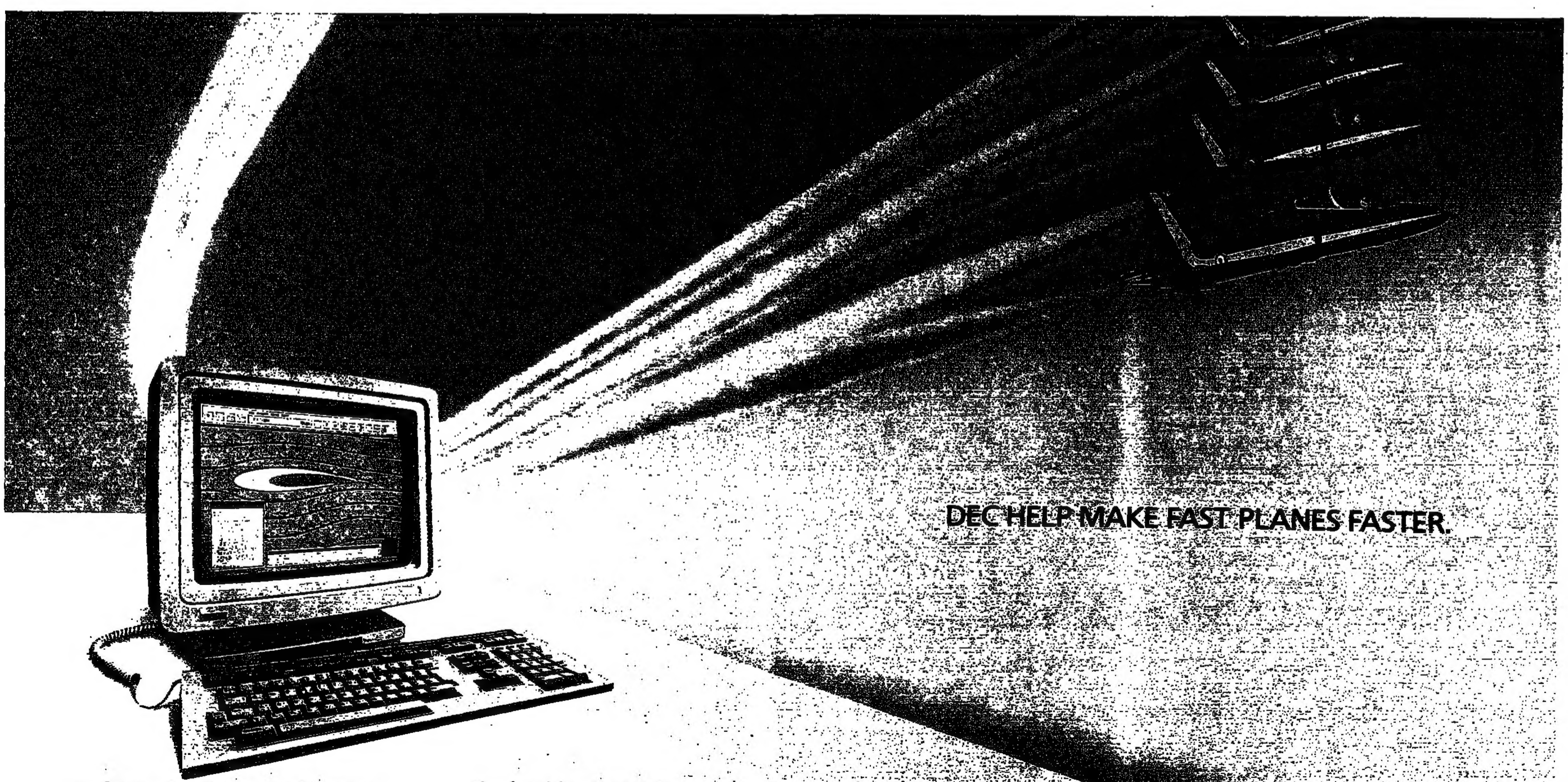
Edited by Geoffrey Charlish

Kay's shop comes to the living room

KAY & COMPANY, the UK mail order company has introduced a home shopping service that operates over Prestel, British Telecom's phone line and TV information service.

Shoppers can use their own TV to order any of 35,000 items and receive immediate confirmation on the screen of stock availability and delivery data. They can also make payment at any time by completing an "on-screen" cheque, making the scheme one of Britain's first EFTPOS (electronic funds transfer at point of sale) systems.

CONTACTS:
3M: UK office, 0344 58850. Liftomatic International: UK, 051 525 3600. IBM: London office, 928 1777 ext 5376. Kay & Company: UK, 0905 23411.



CANADIAN ENERGY INDUSTRY

Bernard Simon on the dying days of a Canadian energy group

Poker-faced players in Dome game

ANOTHER PAGE in the final chapter of the Dome Petroleum saga was turned at the Calgary Convention Centre last Thursday when the embattled western Canadian energy producer held what was probably its last annual meeting. Although the end is near, the climax of the story about an oilman's dream which turned into a banker's nightmare remains unwritten.

In its dying days, the Calgary company has found itself at the centre of a takeover battle which pits Amoco, the US oil group, against 56 North American, European and Japanese banks and an assortment of other creditors.

A poker champion would be proud of the way Amoco, Dome and the banks are playing their hands. None of the players has yet appeared to flinch. Their moves over the next few weeks are likely to determine whether Amoco emerges as Canada's biggest oil producer, or Dome sinks into bankruptcy amid a morass of recriminations and lawsuits.

There are also some wild cards, in the form of several other oil companies which would like to get their hands on Dome or on some of its valuable assets.

The odds still appear to favour Amoco, whose secret US$3.9bn offer was picked by Dome and two US investment banks last April in preference to bids—also made in secret—by TransCanada PipeLines of Toronto and Imperial Oil, Exxon's Canadian subsidiary.

Dome started looking for a saviour late last year when the plunge in oil prices unravelled efforts to restructure its C$6.4bn debt. The company, once the bright symbol of Canadian energy nationalism, has been struggling to survive since 1982. Rocketing interest rates and the end of the Opec oil boom brought its debt-financed acquisition spree to an abrupt end.

Amoco made what Mr Howard Macdonald, Dome's chairman, calls the "cleanest" offer. Its bid was not contingent on any tax concessions, nor on sustained oil prices. According to Mr Don Stacy, Amoco Canada's President, "Macdonald really squeezed us down to the last drop."

The two companies are also a good fit. They are already partners in about 100 exploraion *and development projects. More* than 40 per cent of Amoco's conventional oil reserves in western Canada are located on properties where Dome also has an interest.

Amoco's agreement with Dome makes it difficult for any other suitor to overturn the deal with a higher offer. All three bidders pledged not to return to the fray if Dome turned them down. Dome promised not to look for any other suitors.

Dome has made itself less attractive to anyone else by agreeing to sell to Amoco its Primrose bituminous sands project in Alberta, one of the jewels in its crown, if the deal falls through for virtually any reason.

Amoco's terms have raised few objections from shareholders who, despite the fact that Dome has a negative net worth of almost C$3bn, will receive roughly the present market value of their stock. Dome shares now trade at slightly over C$1, compared to C$25 in the company's heyday.

Canada's progressive conservative government would also breathe a sigh of relief if the Amoco deal goes through. In a sharp turnaround from its predecessor's policy of discouraging foreign investment in the politically sensitive energy industry, the present government has told Dome to find the best commercial solution.

Amoco's interest in Dome was first sparked by a keynote speech by Mr Marcel Masse, the energy minister, last November in which he indicated that Ottawa would allow foreign takeovers of any energy company in financial difficulty.

The only players which do not like the deal and are in a position to do something about it are the lenders. Amoco has offered secured lenders an average of 88.5 per cent of their claims. About four-fifths of the total would be paid in various forms of debt instruments. Institutional unsecured creditors would get 35 per cent of their claims in a combination of cash and paper. Public unsecured lenders would be paid in cash.

Despite their mistakes in allowing Dome to over-extend itself during the last oil boom, the lenders object strongly to the concept of shareholders receiving anything before Dome's debts are paid in full. Similarly, secured lenders maintain that they should be ahead of unsecured in the queue.

The creditors also dispute the value of the paper which Amoco plans to issue them.

Three of Dome's biggest Canadian lenders—Royal Bank, Bank of Montreal and Toronto-Dominion Bank—have publicly criticised the deal. Bank of Montreal has flatly rejected it.

In an appearance before a Senate committee in Ottawa reviewing the bid, a senior Bank of Montreal executive complained that "Dome and Amoco expect the shareholders of the bank and other creditors to make a gift to the shareholders of Dome. Bank of Montreal has no mandate to give away its shareholders' money."

On the other hand, Mr Donald Fullerton, chairman of Canadian Imperial Bank of Commerce which is Dome's biggest lender, has privately supported the Amoco bid. Mr Fullerton is a director of Amoco's Canadian subsidiary, but has excused himself from discussions regarding Dome.

The secured creditors can kill the deal if they decide that laying claim to their collateral is a better proposition than accepting Amoco's terms. With Dome earning 80 per cent of its revenues from less than a quarter of its properties, the lenders with the best security — notably a Citibank-led consortium — may decide that they can realise at least (and perhaps more than) the face value of their loans by pushing Dome into bankruptcy and selling the assets pledged to them.

Amoco also faces a threat from disgruntled unsecured creditors. One Swiss bondholder has already started legal action in an Alberta court to recover arrears interest and principal payments.

Dome maintains that the advantages to lenders of selling-off properties piecemeal or forcing the company through the courts to pay its debts may be offset by the other consequences of their action.

According to Mr Macdonald: "There'll be enormous contests in defining security. It would be a pretty fair mess." His argument is reinforced by the fact that the lenders have for the past five years chosen not to push the company over the brink.

Mr Howard Macdonald: "outcome fairly unpredictable"

Dome and Amoco have a number of other arrows in their bow. They are assiduously courting Dome's trade creditors and other interest groups in Alberta anxious to see one of the province's biggest businesses remain a going concern. After stretching out payments to trade creditors for up to three months last year, Dome has recently begun to put them back on a 30-day basis.

The moment of decision is fast approaching for all parties. Waivers on interest and principal repayments, which were granted by lenders during last year's debt restructuring, expired on June 30. With payments to secured creditors starting to fall due on July 15, the lenders will soon have an opportunity to push Dome into bankruptcy if they wish.

Amoco has various rights — beginning in August — to cancel the deal if the lenders do not agree to its offer.

Another alternative, which is regarded by many as the most likely outcome, is that Amoco will win the lenders' support by improving its terms. With the recent increase in oil prices, Dome already looks more valuable than it did last April. Amoco's initial bid assumed that prices would not rise above US$20 a barrel until 1992.

The question is who will blink first. With some understatement, Mr Macdonald says that "the outcome is fairly unpredictable."

GERMAN MOTOR INDUSTRY

Andrew Fisher talks to Carl Hahn, chairman of Volkswagen

Life beyond a scandal

IT WAS to have been a year of festivity. Volkswagen's progress from the post-war rubble to a worldwide concern would have been celebrated in proud style with the production of its 50 millionth car.

But the party atmosphere has been absent. Instead, the group was hit by one of the biggest frauds ever. Losses through forged foreign exchange contracts totalling DM 473m (£161m), mean VW has been in no mood for enjoyment.

Tomorrow, Mr Carl Hahn, the chairman, is likely to face the toughest annual meeting he, or any West German executive, has ever experienced. Suave, urbane, and relaxed, however, he showed no signs of anxiety in a recent interview.

To Hahn, who will have to explain at length how such a debacle could occur in a supposedly well-managed company —the real shame of the affair is the way it distracts attention from VW's long-term efforts to position itself in an increasingly global industry.

Thus the chairman, whose 61st birthday is today, will try to show, if possible, not only that the board was not to blame, but also to emphasise its progress in developing new markets, forging alliances with other companies, and keeping profits on the move.

His hopes have just been raised by an independent auditors' report, which generally cleared the board of responsibility, though concluding that the finance department had been lax.

Hahn will remind the AGM that VW is the top car producer in western Europe (the nine millionth Golf hatchback has just rolled off the assembly line), has been restructuring existing operations and making plans for the future. One example is the latest small truck deal with Toyota of Japan.

A strategic thinker whom some past associates have criticised for generating far more ideas than can ever be realised, Hahn feels it is vital that VW continues to move with the times and does not see itself as a purely German company. So, more than any other European-based producer, it has spread its interests round the globe. "The world has shrunk to such a degree that everybody is actively or passively global," he reckons. "The choice is only whether you want to be an active player, or a passive player."

VW's foreign ventures cover the whole political spectrum. It makes cars and trucks on both American continents; is increasing car production in China in partnership with the state, builds engines in East Germany, has a joint (and not too successful) car-making deal with Nissan in Japan, and owns the (still loss-making) SEAT car manufacturer in Spain.

The Toyota contract, involving the assembly from 1989 of one-tonne pick-up trucks at VW's under-utilised Hanover plant, is the latest in this system of world links. Hahn comments: "It looks a little bit at the 1990s and not just at today and yesterday."

Toyota is the latest Japanese company to seek more production facilities in Europe to counter cries of alarm over Japan's 10 per cent penetration of the western European market and 14 per cent of the German. And VW is keen on a partnership with a company from which it hopes to learn a great deal. How the co-operation will develop remains to be seen.

He may have some difficulty in getting this multinational dimension across at the VW AGM at its headquarters in Wolfsburg, near the border with East Germany. The currency scandal, which has led to the arrest of VW's former chief currency dealer and the resignation of its finance director, will be uppermost in shareholders' minds.

Hahn is resigned to this. "When something of this nature happens, we must accept that everybody is reacting in an emotional manner, whether they know any facts or not." But criticism is likely to focus on other aspects of VW's business, too. It has made heavy losses at SEAT and in Brazil, its up-market Audi car subsidiary suffered a profits reverse when its models had sudden acceleration problems in the US, and there have been constant reports of board rifts.

Hahn will have to provide some answers. "We have been quite a successful company," he says. "We don't think we are perfect, or have done all that should have been done, but when I took over (in 1982) we were number five in Europe and now we are number one."

Last year, VW sales showed a tiny advance to DM 53bn, with group net profits only slightly lower at DM 580m. (Last year's figure was DM 596m.) This was despite the foreign exchange fraud, as well as losses in Spain, Brazil, and at the Triumph-Adler office equipment subsidiary, sold last August to Olivetti of Italy.

The solid financial performance, despite all the headaches, showed VW's basic strength. After a flat first quarter in 1987, Hahn expects the second quarter to be at the same level as last year, but declines to forecast the final result. Generally, analysts estimate that earnings will end up level, at best. In 1986, group earnings per share on the widely accepted German analysts' formula dropped from DM 56 to DM 42, the best indication of how hard VW was hit.

However, as Hahn points out, Triumph-Adler — a disastrous attempt at diversification—has been sold. And at SEAT, the 75 per cent-owned Spanish subsidiary, where the 1980 loss was DM 419m, "there will be a very substantial cut in losses." The break-even point should be reached towards the year-end. "SEAT is performing well and, as a matter of fact, slightly better than expected."

Not only have SEAT's small Ibiza and Malaga models done well, but VW is able to produce Polos cheaper in Spain than in Wolfsburg, where capacity has thus been freed for an extra 500 or so higher-priced Golfs a day. Much of the 1986 loss represented one-off accountancy changes and write-downs. With the more flexible production pattern, however, "the SEAT transaction has been virtually no financial drain."

VW is spending heavily on the SEAT plants, a total of DM 6bn. This year, output should rise from 360,000 to more than 400,000 cars (including 100,000 of VW's own models). Worldwide, the group is aiming for a 5 per cent production rise on last year's 2.3m units.

But with increasing prosperity has come higher costs. VW is under attack not only from Japanese imports, but also from leading makes in France and Italy. So, producing cars more cheaply in Spain is attractive, if it can be done consistently. Hahn does not say what the saving is on a Polo built in Spain rather than in Germany. "But I can say that in Germany, hourly labour costs in the automotive industry are nearly DM 40 an hour and in Spain below DM 20."

At present, European car markets are buoyant and Hahn expects the growth to continue until next year. Across the Atlantic, however, the picture is bleaker. As an old hand in the US, where he built up Beetle sales in the early 1960s, Hahn knows the market well.

With heavy discounts and zero financing, the US market is "a paradise for customers." VW's sales there plummetted by 39 per cent in the first quarter, competition intensifying at a time when sales were suffering from the fact that many purchases had been brought forward to the end of 1986 before tax breaks ended.

As in Europe, VW's strategy in America straddles more than one country. In the short-term, the sorry state of the inflationary Brazilian economy has hit it hard, last year producing a loss in the country of DM 258m. VW has now linked its South American interests with Ford in a joint production deal, Autolatina, which Hahn expects will eventually pay dividends.

For the moment, the losses continue, with VW and Ford each shedding 2,000 workers in Brazil; and VW cannot, with the Brazilian economic and component supply problems, reap the full benefits of its decision to serve the lower end of the US market from there. VWs Brazil-made Fox car, in the \$5,000 to \$6,000 range (£3,125 to £3,750), has been well received, but VW has managed to send in only about 5,000 a month.

The weak dollar, should help VW's own plant in the US, at Westmoreland, Pennsylvania, to come into its own. Two years ago, production was scaled down to one shift a day when the dollar was high and the Rabbit (an earlier, Americanised, version of the Golf) flopped because it was too un-German.

Today, says Hahn, after cost-cutting and restructuring, "Westmoreland is in better shape." Although less than 500 cars a day are being produced there against 1,000 or more at the turn of the 1980s, Hahn still feels the capacity is useful as insurance against possible US protectionism.

Clearly, Hahn would far rather emphasise the international picture at the annual general meeting than the currency shock. But he is unlikely to be allowed to do so. Attention will focus on the motion to approve board actions for last year, forming a vote of confidence. With the state owning 40 per cent of the voting shares, the outcome seems in little doubt. But Hahn does not relish becoming a target of shareholders' ire. "Usually, it is the guy who has done the stealing who is accused."

EC offers loan support for coal and steel areas

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

ABOUT £80M has been given by the European Coal and Steel Community to lend at subsidised interest rates to expanding businesses in Britain's steel and coal closure areas.

Conditions for the loans will be tight. Companies will be able to claim up to 50 per cent of the cost of fixed plant and buildings subject to creating a minimum number of new jobs.

The number of jobs created must be at least equal to the figure obtained by dividing the amount of the loan by £6,600. Thus, an application for £100,000 would have to fund investment leading directly to 15 new jobs.

The money is not available for investment in machinery that would cut jobs to increase efficiency.

The scheme is also weighted to smaller companies. The maximum interest-rate subsidy of 3 percentage points will be available only for applicants employing less than 500 people. Bigger companies will receive a subsidy of only 2 percentage points.

The net interest rate will be even lower, as little as 5.25 per cent, because the institution administering the scheme – in most cases 3i – will be able to raise the money from countries with strong economies and low interest rates.

In practice this means that they will be able to raise the money at a basic 8.25 per cent before subsidy. The Department of Trade and Industry will underwrite any resulting currency losses.

3i – which is owned by the Bank of England and the main clearing (commercial) banks – will be responsible for administering the loans in Northumberland, Tyne and Wear, Durham, Cleveland, Cumbria, Yorkshire and Humberside and the East and West Midlands.

The Scottish and Welsh Development Agencies will be responsible in Scotland and Wales.

Some clearing banks might also participate in the scheme.

De Beers selects Isle of Man for £30m diamond plant

BY OUR NORTHERN CORRESPONDENT

DE BEERS, the South African mining group, is to set up a £30m factory in the free port on the Isle of Man, off England's north-west coast, to expand production of diamond-cutting tools for industry. About 150 jobs will be created.

Using the free port will enable diamonds to be imported, processed and exported without VAT having to be paid or charged locally.

The project is of exactly the low-volume, high-value type for which free ports were set up. The advantage to De Beers of using the Isle of Man is that local corporation tax on profits is pegged at only 20 per cent.

The island's Government is officially opposed to apartheid and stressed yesterday that there was no conflict with UK policies on South Africa.

The company has similar operations in Ireland and Sweden. The development is being planned by De Beers Industrial Diamond Division in Ascot, near London, which yesterday refused to elaborate on a short statement by the Isle of Man Government.

The project will be the biggest single one on the island, where a £25m government-funded power station would normally top the investment league.

De Beers will operate through three companies – Pacini, Manxtal Cutting Tools and Diamanx Products.

Their activities will be in diamond, polycrystalline diamond and boron nitride products. These are used as cutting tools in manufacturing industry, mining, and high-technology fields.

The Isle of Man free port – which has failed to attract any big names before – is adjacent to Ronaldsway airport. Part of the De Beers investment will be a private taxiway right up to the factory doors so that maximum security can be maintained.

Call for electricity sell-off advisers

BY MAURICE SAMUELSON

THE GOVERNMENT yesterday took the first step on the road to privatising the electricity industry by announcing its intention to appoint a firm of financial advisers.

Its announcement took the form of an invitation to "merchant banks or other suitably qualified organisations" to offer their services for the sale of the electricity supply industry in England and Wales.

The advisers will be expected to provide guidance on the timescale required for selling off the industry, whose £30bn worth of assets would make it by far the Government's biggest privatisation venture.

The previous Government is understood to have paid about £3m in fees to its financial advisers on the sale of the gas industry, led by N.M. Rothschild, the merchant bank.

Radiation monitoring network to be set up

By Maurice Samuelson

A NATIONWIDE network of radiation monitoring centres is to be set up as part of a plan for dealing with overseas nuclear accidents like that at the Chernobyl Soviet power station, Mrs Margaret Thatcher, the Prime Minister, said yesterday.

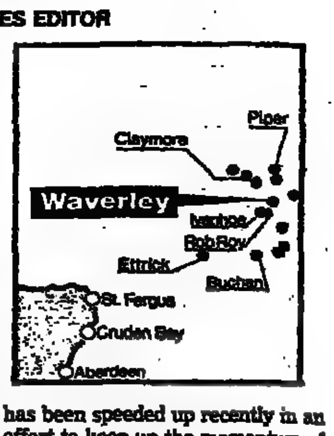
Details of the plan given in a written parliamentary answer, followed what she called a "careful analysis of the Chernobyl experience and other relevant factors" by expert authorities.

The authorities had concluded that even an accident in a nuclear establishment on the French or Belgian coasts would not require specific contingency arrangements for evacuation or shelter of UK citizens or distribution of potassium iodate tablets.

However, arrangements would be made to cover treatment of those returning from affected places abroad, contamination of food and water, advice to UK travellers overseas and the import of contaminated goods.

'Promising' N. Sea oil discovery by Amerada Hess

BY MAX WILKINSON, RESOURCES EDITOR



AMERADA HESS, the US oil company, has made what it describes as a promising oil find in the central North Sea about 100 miles north west of Peterhead.

It has obtained a substantial flow of oil from a test well close to the existing Rob Roy and Ivanhoe fields.

Although considerable extra appraisal work will have to be done to establish the extent of the find, Amerada is confident enough to name the new field "Waverley."

Preliminary estimates within the industry suggest that it might contain about 80m to 100m barrels of oil. Although this is small compared with the large North Sea oilfields whose reserves are measured in billions of barrels, it could easily prove large enough to be developed economically at present oil prices.

This is partly because of its close proximity to the existing Rob Roy and Ivanhoe fields whose production facilities might well be used for the new field.

Permission from the Department of Energy would be needed under the Annex B procedures before development can go ahead, but this has been speeded up recently in an effort to keep up the momentum of North Sea activity.

Mr Sam Laidlaw, managing director of Amerada Hess (UK) said he hoped that development might go ahead go ahead fairly soon.

Amerada is the operator for the P218 group in the area with 38.33 per cent. Veba AG's Deminex UK Oil and Gas has 43.33 per cent, Kerr-McGee Corporation has 10.83 per cent, Pict Petroleum, 3.75 per cent and Whitehall Petroleum 3.75 per cent.

Nissan's UK importer doubles dividend

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

NISSAN UK , the privately-owned importer of vehicles from Japan, doubled its dividend in the year to July 31, 1986, to provide a farewell bonus for one of the founding directors, Mr Frank Shannon, whose payment increased to £2.17m.

The gesture also had the effect of boosting the dividend payment to Mr Michael Hunt, the joint managing director, to £3.19m. The two directors also collected more than £65,000 each in salary and other emoluments, but not including pension contributions. Mr Shannon resigned as director and company secretary in October last year.

The rest of the £30m divident payout went to the off-shore parent company, European Motor Vehicles Corporation, registered in Panama, which is controlled by Mr Octav Botnar, Nissan UK's executive chairman who built it since 1970 into one of the leading vehicle importers in Britain.

Nissan UK's accounts show that in the year to July 1986, its taxable profit rose by more than 38 per cent, from £50.986m to £70.681m. Mr Botnar, whose salary was increased from £85,000 to £122,000 in that financial year, said yesterday that the company's profit improvement was maintained in 1986/87.

He also indicated that negotiations for Nissan of Japan, in partnership with Mitsui, one of the major Japanese trading houses, to buy his company were making little progress.

Nevertheless, talks were continuing about the possibility of the Japanese taking an initial 25 per cent shareholding. One problem is how Nissan UK should be valued. The Japanese point to the net assets – worth £154m at the end of July last year.

Mr Botnar would prefer a comparsion to be made with similar UK quoted companies. But that is difficult because of the diversity of Nissan UK's activities, which include a wholly-owned finance business and car transport operations.

Nissan UK employs 946 people and turnover for the year to July 31 was £870.5m (£518.7m). Operating profit was up from £47m to £81m

Cars from the company's factory at Washington, North-East England, will reach 60 per cent European content and qualify as "British" by the end of this year.

Ministers press bids despite plea for restraint

BY PETER RIDDELL, POLITICAL EDITOR

REQUESTS FOR sizeable additional public expenditure on the inner cities and schools are being submitted by senior ministers this week in spite of Treasury pleas for restraint in these programmes.

Mr Nicholas Ridley, the Environment Secretary, is seeking extra funds to expand the number and scope of urban development corporations to regenerate inner cities, as well as for housing.

Mr Kenneth Baker, the Education Secretary, wants more money to support his proposed educational reforms as well as for the continuing impact of the teachers' pay settlement.

These spending bids have been made as confusion continued in Whitehall yesterday over responsibility for the inner cities with ministers from separate departments claiming a leading role.

Kenneth Baker: Seeks more for education

There are increasing signs that the Government will face difficulty in meeting its medium-term public spending targets for next year and later as the annual ministerial review begins.

Existing plans imply a slight fall in the volume of spending in real, inflation-adjusted, terms next year and pressure has come from higher than expected public sector pay settlements.

A series of concessions made to avoid controversy before the general election has added nearly £1bn to annual totals. These include nearly £300m for nurses pay, a similar amount for other public sector workers and around £300m to meet the commitment to increase income support levels to help the "most vulnerable" and poorest pay their 20 per cent contribution to the new community charge in Scotland.

Allowance will have to be made for these items and for increases in demand-led programmes such as social security before account is taken of the bids from Mr Ridley, Mr Baker and other ministers.

However, Mr John Major, the new Chief Secretary to the Treasury, gave a warning in a speech on Sunday that even though the inner cities, education and housing were highlighted in the Conservative election manifesto, there could be "no blank cheques", and these plans would not be exempt from searching examination.

The Treasury intends not only to scrutinise new bids but also to question whether some existing programmes provide value for money and need to be carried out in the public sector at all.

Mr Major's warning of the need for restraint was yesterday described as "very unwise" in relation to education by Mr John Biffen, a former Chief Secretary and leader of the House of Commons who was dropped from the cabinet after the general election.

In a characteristically barbed first speech as a backbencher, Mr Biffen said educational reforms on the proposed scale could not be achieved "unless backed with adequate resources; less than that would undermine the policy itself."

The outcome of the Whitehall debates will determine much of the character of Mrs Thatcher's third term, as well as the fortunes of some of her possible successors.

Ever since general election night in Conservative Central Office when a triumphant Mrs Thatcher talked of the priority of the inner cities for this parliament, there has been a policy vacuum which several departments have been eagerly trying to fill.

Mercury banking group calls for £131m

By David Lascelles, Banking Editor

MERCURY International Group, one of the largest UK investment banking groups to emerge from last year's Big Bang, is to boost its capital resources with a £131m rights issue.

The announcement was well received in the City of London yesterday where Mercury is viewed as one of the few UK-based groups capable of competing effectively against foreign banks in the international capital markets.

Sir David Scholey, chairman, said that his company had no pressing need for additional capital, but it wanted to be prepared for new business opportunities as they arose.

The rights issue is the first by the 50-year-old group, which is based on the S.G. Warburg merchang bank, whose name it intends to adopt later this month. It is also believed to be the largest by a City merchant bank.

The new shares will be offered on a one-for-five basis at 385p a share. This represents a discount of some 13 per cent from Mercury's recent trading range of 450p.

In addition to the resources Mercury needs for its expansion overseas, mainly in New York and Tokyo, the group faces tighter capital requirements on the UK market as new regulations for banks and securities dealers come into effect, probably later this year.

Sir David doubted that these would have a large impact on Mercury, but he welcomed moves to strengthen the capital of the financial services industry.

The proceeds of the rights issue will bring Mercury's total capital resources to £675m which, it claims, would put it on a par with some of the leading investment houses on Wall Street whom it regards as its main competitors.

Mercury also reported yesterday that it had earned £98m before tax in the year to March 31. This was an increase of 7 per cent on £91.8m earned the previous year, and reflected the favourable market conditions which accompanied Big Bang

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Murdoch poised for £38m Today deal if Government approves

BY RAYMOND SNODDY

MR RUPERT MURDOCH, chairman of News International, yesterday bought the Today newspaper from Lonrho, the international trading group, for £38m.

The deal is conditional on Lord Young, the Trade and Industry Secretary, giving his approval today. If it is not received, Mr Tiny Rowland, chief executive of Lonrho, has made it clear he will close the paper down.

Mr Bill O'Neill, managing director of all Mr Murdoch's newspaper interest in the UK, said yesterday: "Today is a sick newspaper but it has the potential to become healthy."

News International had been interested in a newspaper in the middle of the market and the acquisition of Today meant the company could avoid "the traumas and dramas of a start-up situation."

Yesterday's deal was the final chapter in a tense drama between Mr Murdoch and Mr Robert Maxwell, chairman of Mirror Group Newspapers.

First Mr Maxwell outbid Mr Murdoch with a deal involving £10m in cash and accepting responsibility for more than £30m of Today's debts.

Then at the weekend Mr Murdoch made the £38m cash offer at a time when Mr Maxwell believed he had an agrement in principle to buy Today.

Mr Dennis Hackett, the editor of Today, who has lifted the circulation to 340,000, has resigned and will be replaced by Mr David Montgomery, the present editor of the News of the World.

Mr Montgomery will be chief executive as well as editor of Today and Mr Bill Gillespie, a senior Murdoch executive, will become general manager.

The aim is to continue to run Today as an independent newspaper aimed at the middle-to-upper end of the British market – "from the Daily Telegraph down," Mr O'Neill said last night.

Mr Paul Spicer, a director of Lonrho, which on Monday sold its casinos for £128m, said the company was very pleased with the price it obtained for Today.

The £38m means that Lonrho has come close to breaking even on its venture into national daily newspapers, after writing off £38.5m on its balance sheet. Recent losses will be offset against tax

Lonrho preferred Mr Murdoch's to Mr Maxwell's offer because of the higher cash payment.

Daily Mirror to offer advertising inserts

MIRROR GROUP Newspapers is planning to offer advertisers and promoters the opportunity to insert pre-printed publicity in all its newspapers from the end of this year.

It is purchasing on-line inserting equipment which can insert documents at the same speed as its new presses – up to 70,000 copies an hour.

The Mirror claims that it will be the first national newspaper to offer this service .

It has placed a large order with Ferag, the Swiss Company which manufactures insertion equipment, for its new presses now being installed at the rate of one a month.

Mr John Holloran of the British Printing and Communication Corporation sees the insertion of publicity material in newspapers as a significant growth area for the industry.

Newspapers, he believes, are a much more cost effective way of reaching the consumer with such material than direct mail with its obvious postal costs.

● The print union Sogat 82 yesterday failed to obtain a High Court injunction aimed at preventing Mirror Group Newspapers from switching their national newspaper distribution from rail to road.

After News International's successful swich to road-based distribution of its papers Mirror Group set up its own company, Newsflow, to distribute the London Daily News, and yesterday Mirror Group was due to switch distribution of the Daily Mirror to road.

Sogat argued that it had not been properly consulted on the move.

UK NEWS

Rover names developer for £100m shops site

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

ROVER GROUP has chosen Clayform Properties, a quoted property group, as developer for the £100m shopping and leisure centre it wants to create on the site of the defunct Leyland truck plant at Bathgate in central Scotland.

The state-owned vehicle company has not yet obtained planning permission for the centre which would occupy a 1m sq ft site near the M8, about halfway between Glasgow and Edinburgh. Rover says the scheme would create 2,400 full-time and 1,500 part-time jobs.

The truck plant was closed last July when the last 900 people were made redundant. The plant employed 6,700 at its peak in 1977.

Mr Graham Day, Rover Group chairman, announced the redevelopment plans in December and the proposal received the support of West Lothian District Council, which was attracted by the fact that Rover has agreed to build up to 250,000 sq ft of industrial units if the scheme goes ahead.

Approval from Lothian Regional Council has not yet been granted and last week the company lodged an appeal with Mr Malcolm Rifkind, Secretary of State for Scotland.

Mr Rifkind has already reserved the right to intervene on the question of the Bathgate project, as well as on a number of other proposed shopping centres for the area to the west of Edinburgh and the periphery of the city.

Mr Day acknowledged yesterday that some of these projects would not go ahead if the Bathgate scheme obtained approval.

He rejected the criticisms that Rover's project would take jobs away from other shopping centres. It would produce a net gain in employment, he said. "If people do not want this development or any development at Bathgate would they please say so?" he said.

He would not say how long Rover was prepared to wait for approval. "As long as we are making reasonable progress we are prepared to roll." He did not think it would be a matter of years before the issue was decided.

Clayform Properties has developed a number of retail sites in England and last year took over Samuel Properties which was responsible for a town centre development in Stirling, central Scotland.

City's electronics analysts take caning from Sugar

BY RAYMOND SNODDY

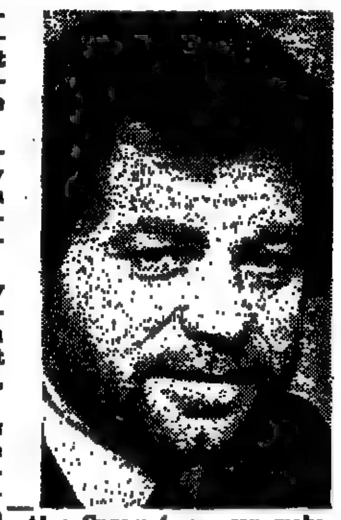
MR ALAN SUGAR yesterday revealed his new Amstrad 1640 personal computer – and his respect for the power of the press and contempt for electronics experts in the City of London.

Mr Sugar, the Amstrad chairman, was appearing on an Any Questions panel organised by a computer trade magazine at a personal computer exhibition in London.

"The power of the pen is very strong," admitted the multi-millionaire Mr Sugar, obviously with some of the criticisms of his first IBM-compatible personal computer, the PC 1512 in mind.

He told an audience of journalists that the press, and in particular the computer trade press, were in a position to determine whether a product flourished or not. "It can be made non-successful by the press," he said.

The blunt-speaking Amstrad chief went on to confess that during his first days in the consumer audio business 15 years ago, "If you got a bad review you might as well shut the production line down." The only chance was to "give it a new number and a new cabinet and bring it back three months later."



Alan Sugar: 'press can make products fail'

"So that's what you're doing with the 1640," said one of his press tormentors, quick as a flash.

But Mr Sugar, who recently revealed that he thought p/e ratios were to do with physical education, reserved his sharpest words for the City of London's electronic analysts who watch the affairs of companies such as Amstrad and have a considerable influence on their share prices.

Anlysts, he said, gathered their information from journalists in the industry "and nowhere else."

After talking to journalists they walked into their local electrical goods retailer, talked to an assistant who had just sold something and then formed a view of the company.

They then wrote an article about a company which went to the manager of the Coal Board pension fund. "He then sells £50m worth of shares. It is incredible but that's the truth of the matter."

The shares of Amstrad have been a bit soft recently – 177p compared with a high of 225p for this year. "We will just keep reporting our results twice a year and let them speak for themselves," Mr Sugar said.

The first computer press review of the new Amstrad PC, which is being introduced in the UK market this month much sooner than expected because of "various pressures from our customers," was on the whole complimentary.

What the analysts think of it, however, will make even more interesting reading.

Massey serves writs on unions

By John Gapper, Labour Staff

MASSEY-FERGUSON yesterday tried to prevent further guerrilla strike action at its Coventry tractor plant in the west Midlands by serving writs on the four unions involved.

The unions are protesting against compulsory redundancies and a proposed 10 per cent pay cut.

The writs, intended for the general secretaries of the TGWU transport union, the EETPU electricians, the AEU and Tass engineering unions, stated the company's intention to seek injunctions and damages against the unions if the action by manual workers continues.

The unions believe the campaign, which continued yesterday with a half-day strike by the 1,845 hourly-paid workers, is within the law because a ballot held 10 days ago produced a majority in favour of industrial action.

The company said that two half-day and two hour-long walkouts had been in breach of the 1984 Trade Union Act because strike action had not been specifically referred to in the ballot question.

It is insisting on 840 redundancies by next Friday, when the plant closes for a three-week summer break. So far, only 465 have volunteered and a further 100 have left after being made redundant.

The company also says that a 10 per cent pay cut must be negotiated to reduce costs in response to a fall-off in world demand for new tractors if the plant is to continue production.

A coachload of workers from the Coventry plant travelled to London yesterday to protest outside the office of Massey-Ferguson's parent company, Varity Holdings.

Mr Norman Willis, general secretary of the Trades Union Congress, (TUC) has called for concerted action by unions and the TUC to promote trade unionism.

Together they should offer help to the "massive numbers" of unorganised workers in the UK, he told the conference of the ISTE steel union.

They should attract the young and idealistic to trade unions to help the less fortunate, he said, in a speech reflecting the increasing concern at senior levels of the unions with organisation and recruitment of new members.

THE ARTS

Television/Christopher Dunkley

More 'shock increases' treatment

One day somebody will write a monograph on the vocabulary of television news reporters which will show how a whole sequence of modern fears arose from casual assumptions made in television newsrooms. It is, of course, much less exciting to announce "Once more increased clerical efficiency in the police force has resulted in the recording of a larger number of muggings" than it is to declare "The number of muggings was up again last month". The trouble is that the second method, when repeated endlessly, induces fear among the viewers out of all proportion to the true risks of being attacked and robbed in the street.

Now a new subject is receiving the "shock increase" treatment. Last Thursday on BBC1's *Nine O'Clock News* John Fryer talked about "the growing problem of child sex abuse," yet presumably he has no more idea about how many children were being sexually abused in 1887 or in June 1977, than he does about the numbers being sexually abused today. All he knows is that the statistics collected by social workers, doctors and police have recently increased. This rise is surely a reason for celebration. It follows a major television campaign organised by Esther Rantzen and the launching of Childline and suggests that, thanks to modern social services, a greater proportion of those being sexually abused today is being identified than was the case in the past.

That is a good thing, not a bad thing, and for television to whip up hysterical fear over child sex abuse is just as irresponsible and illogical as the television campaign to turn "killer diseases" into terrifying bogeys. We should count ourselves lucky that most of us live long enough nowadays to die in our dotage of heart disease or cancer instead of being struck down at 30 by cholera or the black death.

*

Channel 4's *Porterhouse Blue* came to a satisfying finish with every end neatly tied off. The television current affairs parody was one of the best set-pieces in the entire series, thanks largely to Griff Rhys Jones's spendidly accurate portrayal of the ghastly anchorman. So often television drama proves incapable of satirising television journalism, as though drama writers and directors had never actually seen *This Week* or *Panorama*.

David Jason as Skullion in a belief-suspending episode of "Porterhouse Blue"

The weakest link in *Porterhouse Blue* was unfortunately the central scene where Zipser wanted to get rid of 576 condoms. You or I would simply dump the little things in the dustbin but Zipser decided to inflate them all via the gas tap and stuff them up the chimney. Perhaps the book built up some hysterical yet convincing rationale for this, but on television it merely looked like a wholly incredible plot contrivance. One's disbelief remained unsuspended.

*

Talking of the failure to persuade us to suspend disbelief, ITV's *Floodtide* is full of unconvincing detail. In the crucial opening image the cabinet minister appears to be snorting granulated sugar — a white crystalline substance about 10 times coarser than cocaine. The drug pusher, who could so easily remain silent, accommodatingly spills the beans the moment Our Hero walks in. And above all, two WASP parents have somehow produced an Asian daughter. I am beginning to have a terrible feeling that, instead of proving to be the crucial fulcrum upon which the whole plot turns, this is going to emerge as simply the daftest piece of "positive discrimination" ever seen on television.

*

Every few years the tabloid newspaper announce that television audiences have peaked and are tumbling, or that the average number of hours being viewed is less than it was, and that the television bubble has finally burst. They have been saying it again during the last few weeks. The Daily Mail has even gone so far as to claim that "for the first time in 30 years the cinema is taking audiences away from all four television channels." Yet a careful look at the figures invariably suggests that the story has been started by the advertising industry, irked at a marginal reduction in ITV audiences (in Britain advertisers pay more to reach their targets when ratings slip) egged on by newspapers only too delighted to publicise claims about the troubles of a competitor medium.

It is easy to show dramatic reductions via a month-on-month comparison if—say—an unusually cold May in one year is followed by an unusually warm May the next year. In the first year people stay in and watch abnormally large amounts of television and in the second they go out and watch abnormally little. But plot the total figures annually, and while you will find variations in the ITV swings and the BBC roundabouts, with the BBC currently a couple of points higher than usual and ITV a couple lower, you will not find any dramatic reduction in viewing.

Take the most recent week (ending June 14) for which I have BARB figures and you find that average time viewed per head of the population was 23 hours 17 minutes, compared to 21 hours 27 minutes in that week last year. The week's top rating this year was 18.75m compared to 17.8m last year. Go back to the same week in June 83, the earliest comparable year in that Britain had four channels, and average viewing per head was 18 hours 6 minutes. The long-term trends are not down but up. The entire British cinema industry takes three months to equal the audience achieved by one movie on one television channel on one night.

*

There were many years when the ITV companies could, if they had so wished and if they could afford the union rates, have started their own breakfast programmes. Yorkshire Television actually gave it a try. But when no regular national service was forthcoming, the IBA allotted the breakfast time hours to a new company, TV-am, to organise a national service. The ITV companies found that they had lost 2½ hours a day to an outfit which, a few years later, was a big success on the stock market.

Then the Peacock Committee recommended that the ITV companies should be similarly deprived of the unused hours of the night, and that these should be given to yet another organisation to provide a national night-time service. This time, rather than lose yet another slice off their shrinking salami, the ITV companies hurried to launch the night time service which we had always been told was prohibitively uneconomic.

Perhaps they have forestalled the IBA. Perhaps the IBA was not planning to follow the Peacock recommendation. But now that we — in London, anyway have seen what ITV is offering in the late night hours, it seems to be time to campaign for these hours, too, to be removed from the companies and for somebody else — TV-PM perhaps — to be brought in. The collection of ropy old movies, foreign sport, and rubbishy American series is deeply unattractive, even to a habitual night owl. It makes many of the American night time services, so often ridiculed, look positively glamourous and sophisticated.

*

Tomorrow night at the magnificent Banqueting Hall in Whitehall, London, ITN is throwing a party to mark the 20th birthday of *News at 10*. There will be quite a lot more to celebrate, too. *Channel 4 News* is one of the greatest successes of Britain's newest channel, and ITN's daily world news bulletin is about to start appearing in Japan. Thanks to its increased activities ITN has for months been looking for bigger premises and has now arranged to take over the Sunday Times building in Gray's Inn Road. Ironic, then, that there is a campaign building up among advertisers to try to have the main ITN programme moved back from 10.00 to 8.30 to allow ITV schedules more leeway to compete with the BBC for ratings. Could tomorrow's party be the 20th and last birthday of *News at 10*? Most unlikely.

The Perfect Party/Greenwich

Michael Coveney

A. R. Gurney Jr is not so junior any more, but his plays remain as tricky to wrap up as they are to put down. There is always something fresh and intriguing about a Gurney play. So it proves in *The Perfect Party* (premièred in New York at the Playwrights Horizon in February), a cunningly laborious attempt to undermine the American success ethic while constructing a social replica of the country's great social and political experiments.

Tony is a typically Gurney white Anglo-Saxon Protestant hero, a WASP retired teacher who is working on the perfect occasion to launch himself into celebrity. He wants to pull everything into an ideal shape just once before death. The thrash must be publicised, so a pushy journalist, Lois, materialises from New York to review the show.

Just as in *The Dining Room*, a play seen at Greenwich four years ago, in which Gurney brought an entire genealogical tree to flower by meditating on its furniture, a social occasion forces various issues. And Gurney has no qualms in forcing the social occasion, too. Martin Jarvis as Tony and Rosalind Ayres as Lois go deliberately for a stilted, self-conscious comic style, their dialogue studded (and studied) with such apophthegms as "We live in a narcissistic age and it would be foolish not to take advantage of it."

This is unusual and initially off-putting. But the play gathers an emotional centre when you realise that Tony is not just a gadfly East Coast socialite with a sense of order (almost the first thing he says is that people look and act their best in evening clothes) but also an instrument of complaint against the success machine he affects to condone. His assault on Big Apple notoriety is ludicrous and ill-considered. His wife (Alison Skilbeck, pointedly sensible and sharp-edged) goes unheeded while he forces Wes and Wilma, his reluctant Jewish neighbours, into participating, and he detains the unimpressed departing journalist, who requires a sense of danger, with a promise of introduction to his own twin brother Tod.

This Tod, a figure of death, naturally, is also played by Mr Jarvis, who has second act fun as a sidling seductive creep with a limp, a moustache, an Italian connection and, according to Tony, large personal effects. The promise of all these secure Lois' presence after the interval, but she gives the show a bad review anyway, poking her head through the TV screen to pick holes in the lighting. Copulation with a critic will get you nowhere.

Gurney, a skilled and underestimated writer, incorporates a *cri de couer* for plays, like this, that fit no pigeonholes. What kind of country is it, someone wails, where one person calls all the critical shots. The cleverness lies in the creation of an amusingly pungent comedy while carpets are pulled from under various pairs of feet—including the audience's—from start to finish.

Alan Strachan is a sensitive and experienced Gurney interpreter and his production makes a very good case for the rebuttal of the notion that there is nothing subtle or reflective in contemporary American drama. Tony's concept of a perfect party is said to smack of Whitman, of Gatsby, of Citizen Kane. Now that is exalted party company, but I like the sound of Gurney's false modesty, his self-deprecating chuckle behind the demure façade. And he is, no question, writing about large national themes in a mode he handles with flair.

Peter Rice's comfortable study, with American literary heroes on the wall and Oscar Wilde's collected works bearing down from the shelves, is contained in a picturesque, white clapboard proscenium. Careful observation also characterises the sculpted Jewish partygoers of Richard Kane and Kate David, a delightful young actress who is new to me.

Alastair Muir

Martin Jarvis and Rosalind Ayres

Alastair Muir

Rex Harrington, Kimberly Glasco and Owen Montague in the National Ballet of Canada's new production of "Alice," choreographed by Glen Tetley and designed by Nadine Baylis to a score by David Del Tredici, which opened the company's week-long season at the Coliseum yesterday: Clement Crisp reviews tomorrow

Mark Tinkler/Wigmore Hall

David Murray

Tinkler is the handsome young baritone, Canadian-born, whose Billy Budd for Scottish Opera has been admired recently. No doubt a London début was in order—but why with Schubert's *Winterreise*, which is not only a peak of the mature repertoire but one which more Wigmore performers have clambered over in the past two years than I can remember in the last decade? In the event Tinkler did himself no discredit (and he had the ever-reliable Geoffrey Parsons to support him at the piano), but a mixed programme with a more extrovert range would surely have displayed him better, and invited less invidious comparisons.

His German sounded natural, but for almost half the cycle it was under-projected. One suspected that the swift passage from operatic stage to recital platform had made him too cautious. Even "Die Post" was devitalised, and the half-voice that Tinkler used in song after song has too little colour, so far, for Schubert's demands. We heard too little of his appealing full-blooded tone. The slowest songs, from "Wasserflut" to "Nebensonnen," exposed some doubtful pitch, and difficult, quick phrases were liable to go off the rails. Not least because of his shyness with the words, no cumulative tragedy or even tension made itself felt as the cycle went on.

What was always plain enough was Tinkler's careful sincerity, and his anxiety to treat a great work honourably. If not well advised in bringing his immature *Winterreise* to London, he is evidently well taught. At 26 he has very substantial promise; perhaps it would develop best if he took bolder chances. One doesn't want a good young singer strangulated by good taste, nor overawed by the example of distinguished seniors. I think those are worse risks than the heartier kinds of excess.

La traviata/Glyndebourne

Ronald Crichton

A new conductor has taken over from Haitink for the last three performances this season of the Glyndebourne *La traviata*. Sian Edwards, winner of the 1984 Leeds conducting competition, has considerable experience for her age. On Monday that experience told in her assured handling of the London Philharmonic in the pit —the danger that in a small theatre the cutting edge of Verdi's scoring may impede the singers was firmly skirted. In that sense, balance was excellent.

The old difficulty that at Glyndebourne orchestral tone tends to go lifeless below a certain level was however not always circumvented. There were times when one wondered if not only the heroine but the orchestra's string section had been stricken with consumption. There was no feeling of an imitation Haitink performance: Miss Edwards was giving her own reading. Now she must learn to conjure the genuine Verdian warmth and tingle within her chosen dynamic limits.

The cast is the one described by Max Loppert after the first night. One performance has evidently much improved. The Alfredo of Walter MacNeil now sings easily, with flexible phrasing, exemplary diction and in his manner a slight suggestion of gormlessness which suits this young gentleman rather well. As Alfredo's father Brent Ellis emphasised the unpleasant side of the character at the expense of the consoling melodies Verdi lavished on him.

Marie McLaughlin's Violeta looks dead right. The top of the voice was shrill on Monday and intonation in the first act was a little sour (the sudden heat was generally taking its toll). There were stretches of very poor articulation. The middle voice was rich in colour and suggested plangency. Just why her performance and Peter Hall's production as a whole only intermittently took wing remains a puzzle. Jane Turner's Flora and Enid Hartle's Annina are unusually positive studies. The male moths fluttering round the incandescent courtesans remain as confusingly anonymous as ever.

Saleroom/Annalena McAfee

Blue Dancer soars

Alexander Archipenko's bronze sculpture Blue Dancer almost trebled its estimate of £100,000 when it was bought for £297,000 yesterday by a Swiss dealer at Christie's in London. The sculpture, conceived and cast about 1918, was the top lot in a sale of Impressionist and Modern Paintings and Sculpture which made a total of £4,544,640.

Despite a failure to sell 21 per cent of lots, bidding was brisk. But the auction was still overshadowed by Christie's sale on Monday night of Van Gogh's "Le Pont de Trinquetaille" for £12.6m. This was the second highest price paid for any work of art at auction, exceeded only by the £24.75m which secured Van Gogh's "Sunflowers" in the same auction room on March 31.

Renoir's "Femme nue assise se massant le pied," painted in 1918, was the second highest lot in Christie's sale yesterday. The Swiss dealer International Art Centre paid £148,500 for the oil painting which had been expected to fetch up to £130,000.

Another Renoir, "Buste de Jeune Fille," made £82,500. A painting by Degas of the singer Emelie Becat sold for £126,500 to an anonymous buyer and "Nature morte a l'As de Trefle" by George Braque realised £121,000.

Pierre Bonnard's sunlit "Personnages dans la Rue" made £104,000. Another sculpture by Archipenko, "Geometric Statuette" made £82,500. The same price was paid by the New York dealer Kent Fine Art for Francis Picabia's "Craccae."

Among the 21 per cent of lots which failed to sell were Henri le Sidaner's "Fenetres sur le Parc" and "Le Char d'Apollon" by Odilon Redon.

Sotheby's sale of 19th and 20th century prints yesterday produced a total of £1,774,861 with 23 per cent bought in. The prints, mainly from the collection of a German lithographer and featuring much German Expressionist work, had been successfully concealed from the Nazis.

The top lot was a book by Louis Aragon comprising 25 etchings by Chagall and a separate suite of etchings on Japan. The Japanese dealer Mainichi Communications paid £68,200 for the work. The New York dealer J. Hom successfully bid £59,400 for a portfolio of work by artists including Kandinsky, Klee and Moholy-Nagy.

Mary Cassat's drypoint and aquatint mother-and-child painting, "Under the Horse-Chestnut Tree" was bought for £44,000 by an anonymous collector, but a set of lithographs by Charles Sorlier after Marc Chagall, estimated at up to £45,000, were bought in at £27,500.

The market for tribal art showed no sign of improvement yesterday at Sotheby's. A total of £575,510 was made with 63.36 per cent of lots bought in. The top lot was a Fang wood Okak-style reliquary figure which was bought for £35,200 by a private buyer.

The Crucible's next season

The Crucible Theatre, Sheffield's 1987-88 season will include the British première of *The Park* by Botho Strauss, which will open on February 5 1988.

Other plays in the programme will be Oscar Wilde's *The Importance of Being Earnest*, *Of Mice and Men* by John Steinbeck, *A Winter's Tale* and *The Cherry Orchard*.

The season opens on September 10 with the Wilde. The Christmas pantomime will be *Cinderella*.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

June 26–July 2

Theatre

LONDON

Antony and Cleopatra (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King Lear, Hopkins, a massive gnarled oak, which gathers force and more friends as it continues in the repertoire (928 2252).

Macbeth (Barbican): Jonathan Pryce is a wolfish, blood-curdling Macbeth in Adrian Noble's exciting production for the RSC. It plays in repertoire with Jeremy Irons' inconclusively wimpish Richard II and a rough and tumble modern-dress Romeo and Juliet. Best in the RSC's Barbican Pit is Janet McTeer leading a fine ensemble in Worlds Apart by Cuban playwright Jose Triana.

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

NEW YORK

Fences (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

All My Sons (John Golden): Richard Kiley has the gratifying part of Joe Keller in Arthur Miller's post-war moral tale of profits versus principle in a nicely dated production from the Long Wharf Theatre. (239 6200).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

Les Miserables (Broadway): Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

Starlight Express (Gershwin): Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

Me and My Girl (Marquis): Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters; but it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor, preferably British. (947 0033).

CHICAGO

Sunday in the Park with George (Goodman): Stephen Sondheim and James Lapine's Pulitzer Prize winning musical based on suppositions about the life of artist and Georges Seurat stars John Herrera as the artist and Paula Scrofano as his lover, Dot, directed by Michael Maggio. Ends Aug 2 (443 3800).

TOKYO

Tango Argentina (in English). Yet another original Broadway show for Tokyo, this is conceived and directed by Claudio Segovia and Hector Orezzoli. The sensual and powerful tango theme – like flamenco – fascinates the Japanese, mainly because sentiments and expression are at such a far remove from their own culture. Starring Nelida Rodrigues de Aure, Hector Nelso Avila and Cecilia Narova. Kosei Nenkin Kaikan Hall, Shinjuku.

A Streetcar Named Desire (in Japanese): Directed by Toru Emori with (incredible as it may seen) 78 year-old Haruko Sugimura playing Blanche. Since Ms Sugimura's first appearance in 1953, she has given over 600 performances in this role. The phenomenon speaks volumes on Japanese culture. At Seibu's new theatre. Ginza Saison. (535 0555).

Les Misérables: After London and New York, now Tokyo, and the Japanese version by the Toho Company. With the cast hand-picked by the creative team of producer Cameron Mackintosh (from an astonishing 12,000 hopefuls), then trained for six months in a special "ecole", rehearsed by John Caird himself, costumes, set, sound and lighting supervised by the respective original designers flown in from London, Toho's Les Miserables (for both process and quality control) is set to make musical history in Japan. Sponsored by the cosmetics company, Shiseido, Les Misérables stars Sakao Takida, Ran Ohtori, Huruhiko Saito, Goro Noguchi, Hiromi Iwasaki, Kaho Shimada. Imperial Theatre, near Ginza (201 7777).

SPAIN

Merida, XXXIII International Theatre Festival begins this weekend with Irene Papas, directed by Mikis Cacoyanis at Merida's Roman Theatre. The most beautiful city of Roman Spain, preserving its atmosphere. 62 kms from Badajoz City and 347 from Madrid.

NETHERLANDS

Amsterdam, Odeon Theatre (Singel 460). Victoriana, a tribute to Victorian and Edwardian music hall presented by the Hall Family (Fri to Sun). (22 97 42).

Amsterdam, Stadsschouwburg. The English Speaking Theatre of Amsterdam with Noel Coward's Private Lives directed by John Hartnett and starring Lesley Hughes and Chris Young (all week except Sun and Mon). (24 23 11).

Amsterdam, De Balie (Kleine Gartmanplantsoen 10) The Gate Theatre from Dublin with Samuel Beckett's I'll Go On, a solo piece compiled from Molloy, Malone Dies and The Unnamable performed by Barry McGovern and directed by Colm O'Brian (Fri to Sun. (232 904).

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Cultural diplomacy

THE ARGUMENT about whether more public money should be spent on promoting Britain's culture abroad has been going on for at least a century and is not likely to end for a long time to come. One of the main reasons why the discussions have become so confused is that they have not been based on a generally accepted definition of cultural diplomacy. The Commons foreign affairs committee's report on the subject, published yesterday, has done everyone a service by at least clarifying the issue.

The committee has come to the conclusion that cultural diplomacy, as defined by the Foreign Office in a memorandum submitted to it last year, is not pursued by the Government for its own sake, "but only as an instrument by which the pursuit of other diplomatic activities must be assisted."

This is undoubtedly a correct analysis. Among the five aims of cultural diplomacy cited by the Foreign Office are the need to convey an image of Britain as a forward-looking society based on liberal values; to explain British policies to decision-makers overseas and to promote British economic interests.

Utilitarian package

As the report points out, this list could be one of the objectives for diplomacy in general rather than for cultural diplomacy specifically. Certainly, the definitions of its aims given by the British Council, which is the main non-governmental agency in charge of promoting British culture, is very different. The list is made up of the following items: the interchange of people, the provision of libraries, books and information, the promotion of English and the arts and the implementation of educational projects.

If emphasis in the arguments over the funding of the British Council's activities has been put, more often than not, on the non-cultural spin-offs such as trade benefits, it is because the whole idea of promoting one's culture abroad is much less widely accepted in Britain than it is in countries like France and West Germany. It is almost as if an excuse must be found for spending money on such a "useless" activity and that, only if the request for funds is wrapped up in a utilitarian package, will the Treasury via the Foreign Office release a few miserable pence.

The British Council, reeling from the cuts imposed by the last two governments, has played this game almost as diligently as its paymasters. That kind of obfuscation, however, has now been thoroughly knocked on the head by the foreign affairs committee report. "Not onlyt he political and commercial values of a nation but also its cultural values should be represented overseas, and for their own sake," it states. It is probably the first time that a representative body has made such an untypically British assertion.

Direct grant

The committee's recommendation that, once the Government has drawn up a comprehensive statement of its cultural diplomacy based on these clear criteria it should increase the available financial resources for this purpose, is unlikely to be welcomed by Mrs Thatcher and the Treasury. However, it is certainly justified by the fact that the Government's grant-in-aid to the British Council has been reduced by 21 per cent in real terms since 1979-80.

Increasingly, the council has become no more than a management agent for the Government's development aid programmes in Africa and the Indian sub-continent, which now account for nearly half its total budget. As a result, its freedom of action has been undermined, particularly in the politically and commercially important areas of West and East Europe, Latin America and the US, where all its activities are funded by the Government's direct grant.

Instead of further clipping its wings, serious consideration should be given to extending the council's responsibilities to the entire overseas students' programme and the administration of the arts in Britain. If a specific cultural diplomacy budget is ever drawn up, as the foreign affairs committee has recommended, that could well be the moment for a reconsideration of the council's whole field of action.

Exports as the key to growth

THE WORLD BANK'S shift towards policy-based lending appears to have been accompanied by a shift towards policy-based thinking in its annual assessment of prospects for Third World economies. Last year's World Development Report focused on the need for reform of global agricultural policies; this year's theme is the relationship between trade policies, industrialisation and economic development. Nobody familiar with the Bank's general economic philosophy will be surprised to hear that it is tilting hard against the inward-looking, import-substituting policies that have found favour in much of the Third World for most of the post-war era.

In today's protectionist climate, the Bank may seem quite courageous to come out so firmly in support of outward-oriented trade policies. After all, what Third World manufacturer, hearing US Congressmen's angry calls for the mandatory elimination of bilateral trade surpluses, is likely to put much store on his economy's ability to export its way out of trouble? And, after witnessing the longest and most severe decline in commodity prices since the 1930s, what Third World primary producer is likely to expect salvation through the creation of an even bigger world commodity glut?

Trade policies

Indeed, it might not be too cynical to argue that the export pessimism which originally sparked the adoption of import-substituting trade policies immediately after the Second World War is if anything more valid today than it was then. A secular decline in developing countries' terms of trade as synthetic products take the place of natural resources was then mere academic speculation. So was the suggestion that trade liberalisation might founder once industrial countries began to be seriously challenged in major markets by lower-cost Third World producers.

To be fair, though, the Bank is not advocating simple-minded export promotion in developing countries. Somewhat confusingly, all it means by outward oriented trade policies are strategies which do not discriminate between production for the home market and exports. It is urging neutral trade policies rather than measures that specifically encourage exports. However, it does concede that the total elimination of import restrictions is an idle fantasy.

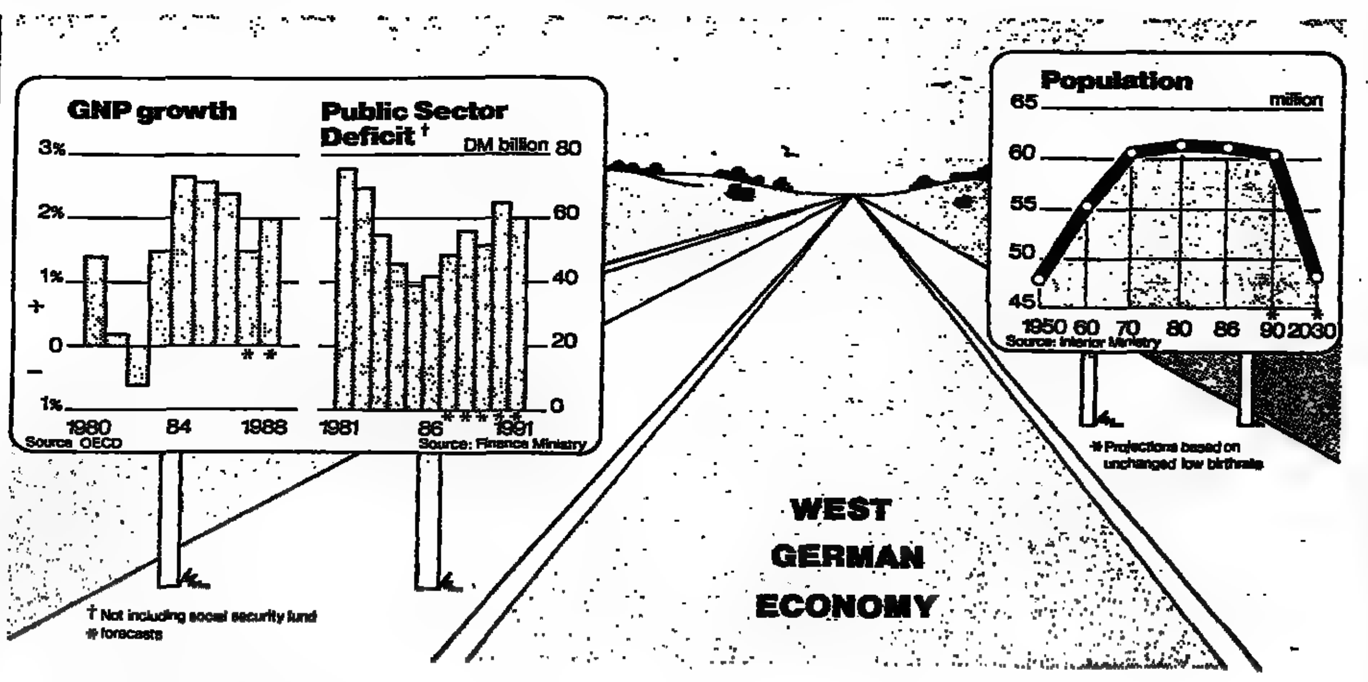
The form of free trade the Bank is advocating might thus go down rather well on Capitol Hill — even Representative Gephardt might be persuaded of the merits of neutral trade policies that involve the combination of import restrictions (to keep out unwanted Asian goods) and export subsidies (to prevent US companies concentrating too hard on the home market).

Economic performance

In its definition of non-discriminatory trade policies, the Bank perhaps tends to concentrate too heavily on the economic choices facing domestic producers as opposed to domestic consumers. Import restrictions and export pormotion measures can more or less cancel out for the former; but they do not for the latter. It is slightly odd to see South Korea applauded as one of the developing countries pursuing the closest approximation to neutral trade policies when, in last year's development report, it achieved notoriety for granting the highest degree of producer protection in wheat and rice of all the countries surveyed. Perhaps the Bank should invent a new economic category of "free trading protectionist."

The empirical analysis supporting the policy prescription of neutral trade policies is detailed (the Bank looked at 41 countries). But it is not wholly convincing. The sample of strongly export oriented high-achievers (South Korea and two other Asian economies) is small enough to have statisticians' hair standing on end.

The gap between their economic performance and that of countries favouring strongly inward oriented policies is certainly wide. But the gap in performance between countries favouring moderately outward and moderately inward looking policies is much less decisive. The Bank's conclusions would carry more weight if it had spent more time examining alternative explanations of Asian high performance — for example, greater political stability, a stronger work ethic, and a more egalitarian income distribution than in the rest of the Third World.



A narrower road ahead

By David Marsh

ONCE IT was viewed as the cornerstone of West German economic management. Now it looks more like a monument to 1960s optimism. The so-called Stability and Growth Law promulgated by the grand-coalition government of right and left in 1967 reached its 20th birthday last month. But veteran policy-makers at the Economics Ministry in Bonn were in no mood to celebrate.

The law enshrines as the country's economic goals the "magic quadrangle" of stable prices, high employment, steady growth and current account equilibrium. It decrees corrective government action, above all through tax cuts, if any of the objectives seems likely to be missed.

Two decades later, with the four-year West German economic upturn showing definite signs of petering out, only one of the four magic aims—stable prices—will be achieved this year.

But as Chancellor Helmut Kohl's Cabinet meets today to decide next year's budget, the debate on the economic outlook is dominated not by recipes for expansion but by worries about looming hindrances to growth.

After a 0.5 per cent fall in gross national product in the first quarter, growth in 1987 is likely to total only 1.5 per cent. Unemployment will remain at well over 2m, and the current account surplus will show little change from last year's record DM 76bn (£25.6bn).

In dollar terms, the Organisation for Economic Co-operation and Development (OECD) is forecasting a slight rise in the surplus to \$37bn from \$36bn last year, falling only slightly to \$29bn in 1988.

A continuation of surpluses of this order poses a clear threat to the export-oriented German economy. Although a fragile calm has ruled on the currency markets since the Louvre agreement in February, the D-Mark could face further upward pressure from the late summer onwards, against both the dollar and currencies within the European Monetary System.

But dangers on the external front are largely being pushed into the background amid an upsurge of anxiety about the domestic risks of government plans for stimulating the economy.

Hanging over today's discussions is a series of questions about a package of tax cuts scheduled for 1990, conceived as West Germany's principal, if somewhat tardy contribution to correcting the balance of payments disequilibrium threatening the world economy.

But fears about higher public sector deficits and a power struggle with the Laender (federal states) over the distribution of lost tax revenues are putting increasing pressure on Mr Kohl and Mr Gerhard Stoltenberg, his Finance Minister, to water down the 1990 plan.

West Germany has already increased the size of tax cuts planned for January 1 next year to DM 14bn from DM 9bn. This will increase the federal budget next year to DM 29bn from the DM 26bn expected this year.

A further DM 20bn of net tax reductions is due to take effect in 1990—DM 39bn in tax reductions financed in part by DM 19bn in subsidy cuts. But details are still far from working out.

As long as uncertainties continue about the financing of the programme, the tax plans could prove counter-productive, unsettling rather than boosting business confidence.

Both Mr Kohl and Mr Stoltenberg, stung by criticism from the opposition and from conservatives within the coalition who question the financial basis of the 1990 package, have declared in the past fortnight that it will go ahead as planned.

West Germans have always been sensitive to fears of inflation. With price rises this year expected to run at no more than 0.5 to 1 per cent, this is not a worry — at least for the present.

But new anxieties have been nurtured by prospects of widening deficits in the government and social security funds.

Because of the country's low birth rate, mounting deficits will be serviced by an ever smaller working population. According to the Association of German Retirement Insurance Funds, 15.8m pensioners will be supported by 14.1m contributors in the year 2030, against 28.2m contributors and 11.2m pensioners in 1987.

Economic policy caution is also a consequence of prosperity.

GNP last year was almost DM 2,000bn, four times the level of 1967, a real rise of 100 per cent. Because the economy is now twice as big, officials and some private economists argue that 2 per cent growth in the 1980s adds up to the same output of goods and services produced by 4 per cent expansion in the 1960s.

Additionally, both Mr Kohl's Government and the Bundesbank, the constitutionally independent central bank, remember the bruises which resulted from the country's last counter-cyclical effort to boost the economy, decided in 1978.

Although relatively moderate, the package was followed by the second oil shock in 1979—leading to the trauma of a current account deficit, D-Mark weakness and recession two years later, and, indirectly, to the downfall of Mr Helmut Schmidt's Government in 1982.

Some economists see a long-term flattening of the West German growth curve as almost a natural phenomenon.

Mr Helmut Schlesinger, vice president of the Bundesbank, said last month that a growth rate of 2.5 per cent over five or more years appeared to represent an "upper limit."

Accompanying this mood of deep pessimism about growth prospects, international pressure on Bonn to boost the economy seems to have ebbed.

Both the OECD and the Bank for International Settlements believe West Germany could bring forward the 1990 fiscal package without endangering budgetary balance. But the US Administration, beset by its own economic problems now seems to have wearied of belabouring Bonn about growth. Both Mr Kohl and Mr Stolenberg returned from last month's Venice summit unscathed by criticism from Washington.

At home, on the other hand, Mr Lothar Spaeth, Prime Minister of the prosperous state of Baden Wuerttemberg, has led the sniping against the 1990 package.

A possible contender as leader of the Mr Kohl's Christian Democratic Union, Mr Spaeth claims that Mr Stoltenberg's tax plans are drawn up on growth assumptions which are too optimistic.

Some of the states run by the conservatives are likely to team up with those controlled by the opposition Social Democratic Party (SPD) to oppose the tax plans in the Bundesrat (the federal council and upper house of parliament) which has a veto over tax legislation.

Against this background, senior officials in the Economic Ministry who have drawn up a paper suggesting that half the DM 20bn 1990 tax cuts be brought forward to 1989 have met a disheartening response.

Mr Martin Bangemann, the Economics Minister, has advised them that, given the political problems facing Mr Stoltenberg, it is not even worth presenting the document to him at the moment.

Business puts safety first

By Andrew Fisher

WHEN IT comes to suggestions about revving up the West German economy, there are few volunteers among the country's businessmen. They like stability and a degree of certainty. The idea of stimulating growth by pumping billions of D-Marks into the economy offends their sense of economic order.

Not that they oppose the modest dose of reflation planned for 1988 and 1990 through tax cuts—a contribution to growth that has been seen as niggardly by some foreign experts. Mr Otto Wolff von Amerongen, head of the association of German chambers of commerce, has called on the Government in Bonn to stick to its guns on cutting both taxes and subsidies.

Economic pump-priming, as belatedly practised in Bonn after much foreign pressure in the late 1970s, is regarded by most industrialists as a recipe for inflation.

They are already none too happy about the faltering progress of the economy this year, though the April figures showed a revival from the effects of the harsh winter, especially in construction. The steady rise in the D-Mark—with the dollar worth only DM 1.83 against DM 3.47 in February, 1985—has depressed export prospects and earnings and stimulated competition from imported goods.

The mood is one of resignation rather than despondency. "We view the current year somewhat cautiously," says Mr Hermann Strenger, chairman of the Bayer chemical concern. "But our first quarter figures have encouraged a certain optimism."

Other big companies such as Daimler-Benz, Volkswagen, and Siemens have also reported solid, though unexciting, progress this year. VW's first quarter profits were flat, wtih poor performance in the US and South America offsetting a sales jump in Europe. At Daimler, the biggest industrial concern in Germany, 1987 is expected to show more steady growth, with concern expressed about possible US protectionism.

Mr Karlheinz Kaske, chairman of the Siemens electrical and electronics group, certainly sees less expansion in his industry. "I don't think we will have more jobs in Siemens this year," he says, adding weight to fears that unemployment at 2.1m is unlikely to drop sharply for several years.

He expects production growth in the electrical industry, which with motors and mechanical engineering is one of the largest sectors, to slip to between 4 per cent and 5 per cent after nearly 7 per cent in 1986 and around twice that level the year before.

"Growth of 4 per cent or 5 per cent does not mean a recession," he says. None the less, with productivity rising continuously, job prospects do not look favourable.

Many companies have been swift to react to the changed external economic picture, notably on the currency front. Car companies like Daimler and BMW have emphasised their more expensive models in the US and offset some of the currency disadvantage by raising prices.

VW, in the volume end of the market, is able to produce for the still buoyant European market in lower-cost Spain, having acquired Seat—still a heavy loss-maker, but with the red ink fading—and also owns plants in Mexico and Brazil.

With their wide spread of foreign interests and traditional stress on exports, accounting for about a third of gross national product, German companies are well used to the ups and downs of foreign trade. Porsche, for instance, which sells half its sports models in the US, has seen earnings slide as the dollar tumbled. But it made handsome profits when the dollar was strong.

With profits of many companies benefiting considerably from the windfall effect of the high dollar in the early 1980s, balance sheets were strengthened, technological innovations pursued, and cost-cutting investments increased. Thus the more far-sighted companies —the long view and the stress on quality are characteristic traits of German industry—can fairly easily survive a buffeting on export markets. Although a further drop in the dollar would cause new worries, about 70 per cent of German exports are within Western Europe, where the D-Mark has risen less.

So far, exports have not suffered too heavily from the changes in currency values, while imports have yet to surge. But foreign orders in vulnerable industries like mechanical engineering have fallen, and structurally weak sectors like steel and shipbuilding have had their sufferings aggravated.

Overall, industrial output this year is likely to rise by only 0.5 per cent, says Westdeutsche Landesbank. This compares with 2.5 per cent in 1986 and 3 per cent the year before. In the major sectors, the bank foresees production growth of 1 per cent in vehicles against 5 per cent last year, nothing in chemicals after a slight drop in 1986, and a 2 per cent fall in engineering against a 5.2 per cent rise.

One of the brighter areas is the consumer sector, with retail trade advancing by nearly 4 per cent in real terms last year, allowing for the effect of a dip in prices, and set for almost as strong a performance in 1987. Thus big store groups like Kaufhof and Karstadt have reported sharply rising profits.

But domestic demand, helped by lower fuel prices, a first round of tax cuts last year, lack of inflation, and the boosted purchasing power of the D-Mark, is not enough to propel the economy into the sort of growth desired by much of the rest of the world.

Thus foreign demands for more action—whether directed at Bonn or at the Bundesbank in Frankfurt, which has allowed money supply to rise rapidly to accommodate foreign fund inflows—are unlikely to cease.

Men and Matters

Bradman's fighting funds

Godfrey Bradman was out yesterday afternoon. No, he won't be back until late, his office said. Opren? I'm sorry but he really has nothing more to say.

The man prepared to bankroll with £2m the legal case against Eli Lilly by 1,500 people complaining about the after-effects of the anti-arthritis drug was characteristically elusive.

He is not one of London's flashier property men. His reputation has been built on discretion and a masterly financial intelligence honed on working up tax avoidance schemes in the 1970s. But he is rich. Every time the shares in Rosehaugh, his property company, go up a penny, his paper wealth increases by nearly £40,000.

Rosehaugh has spread its tentacles out of the City of London, into housing, and the reclamation of old stocks. It is a darling of a stock market which thrills to Bradman's dizzy financial deals. And his holding of ordinary shares in the company are worth over £43m.

Now 50, twice-married and with five children, Bradman has a known history going back to 1974 of involvement in social cause. Then he set up a syndicate to provide £2.5m for the mineworkers if they stopped a strike. Now he is funding AIDS research.

Des Wilson, his co-chairman on Citizen Action which is campaigning on the Opren case, said Bradman had often interested himself in radical campaigns like Freedom af Information and Friends of the Earth. Public health and the environment are his main concerns. And he gave up his Rolls-Royce years ago.

"... and did the old lady who lived in the shoe have to pay poll tax for all her children when they were eighteen?"

Seoul stirring

Official telephones at the South Korean ministry of culture and information were silent yesterday as newspapers were published for the first time in seven years without censorship.

On the day that Roh Tae Woo, chairman of the ruling Democratic Justice Party, announced that he was proposing democratic reforms, including freedom of the press, the censors failed to issue their guidelines on what or what not to print.

Newspapers responded by giving exactly equal space and photographs to stories about Roh and about the two Opposition leaders, Kim Young Sam and Kim Dae Jung.

Last week the first pictures of Kim Dae Jung appeared in the press since he was jailed in 1980. Kim was subsequently charged with sedition and sentenced to death, but the sentence was later suspended. The restoration of his civil rights is also one of Roh's proposals.

Pictures of the back of Kim's head appeared in the press earlier this year as editors tested the ministry's determination to enforce the guidelines. Since June 10, the day that demonstrations in favour of democracy started, observers have noted marked changes in the newspapers' freedom both to report the news and to editorialise.

The new freedom has also spread to television, still the most strongly controlled medium. After an editorial appeared in South Korea's leading morning newspaper chiding the two Government-owned stations for staying aloof from politics, both channels staged political programmes in which members of the opposition and ruling parties debated current issues.

Hundreds of viewers were reported to have telephoned the TV stations to encourage them to continue.

The armed forces broadcasting network, which shows news and entertainment programmes for US forces stationed in South Korea has also been allowed unprecedented leeway in its showing of news reports about the current political changes. A US network programme featuring Kim Dae Jung was broadcast in Seoul while he was still under house arrest.

Lion's role

Jacques Lion, chairman of the London Metal Exchange, planned to spend yesterday afternoon by the side of the swimming pool at his home near Godalming.

After retiring from an active role at the family metal trading firm of Philipp and Lion last year, he has recently made known his intention of withdrawing from an executive position at the exchange, after leading it through some of the greatest changes in its history.

However, 84-year-old Lion will continue to put in regular appearances at the LME as the first president of the newly-reformed exchange. If things turn out as expected, the exchange will this month replace its current two-tier structure, under which it is ruled by a joint board and committee, in favour of a single managing board, of which Lion will be the non-voting president.

The documents, sent out to members yesterday, say the president's role will be "that of elder statesman and figurehead" and Lion has been chosen "in order to ensure a degree of continuity."

He was appointed chairman of the LME board in 1984, a few months before the exchange was hit by the crisis in the tin market in which members lost hundreds of millions of pounds after the International Tin Council defaulted. His main role now will be "marketing the exchange," looking for customers not just in Europe but also in Japan and the US, he says.

Team sports

Sir Trevor Holdsworth, chairman of GKN, still retains his Birmingham connections though the international automotive and engineering group has long since shed its West Midlands metal bashing image.

He chaired a meeting yesterday of the Birmingham Employers' Forum, which welcomed a report from management consultants, Price Waterhouse, proposing that a private sector initiative should be launched to regenerate the West Midlands.

According to the press release, "a new team," to be called "West Midlands United," was proposed to take the region "back into the first division."

Holdsworth, asked jokingly by a reporter whether such a team might not prove a tempting take-over target for Robert Maxwell, joined in the general laughter. But he did not really seem to share the joke.

On the possibility that he might be a candidate for chairman of West Midlands United upon retirement from GKN next year, he pointed to his CBI responsibilities. "I am due to take over as president." He broke into a smile: "I will never learn," he said.

Observer

Easier and easier to make a buck

Laura Raun on Interpol's efforts to combat counterfeiting

MAKING MONEY is a growing crime. Since the art of forgery is also increasing in sophistication, law enforcement officers from around the world, who gathered in Lyon last week, decided that publicity is one of the best weapons against it.

Ironically, in an age of high technology graphic equipment, computers and data banks, no one knows how many fake banknotes, coins and travellers cheques are floating around the world. Like drug trafficking, forgery is a hidden crime where the goods seized and arrests made are only the tip of the iceberg.

Last year about $112m (£70m) in false currency, mostly US dollars, were confiscated worldwide, according to Interpol, the network of police organisations founded in Paris in 1923 primarily to combat counterfeiting. One forgeries inspector estimates the true figure is probably 10 times higher. The numbers also fluctuate from year to year because of erratic big hauls.

"Investigations are taking longer, arrests are more difficult and the criminals are getting smarter," says Mr Dirk Schuurman, head of the Forgeries unit at the Netherlands' National Criminal Intelligence Service in The Hague. He estimates that counterfeiting worldwide has grown five-fold during the last 10 years.

Every 10 years, Interpol devotes its bi-annual meeting entirely to the subject of counterfeiting in an effort to keep abreast of the latest techniques and channels used by the culprits.

Interpol, which comprises 142-member countries, wants better co-operation from governments — ministries, courts and police—in tackling currency falsification.

Part of the problem is that people do not like to talk about it. Government officials, including central bankers, often consider the subject taboo because it hurts confidence in the currency. Businessmen fear bad publicity about fraudulent losses. Criminals, when caught, rarely admit to the true scale of their crime.

"Trust is the basis of the monetary system," says Mr Schuurman. "If a shopkeeper looks at every bill on Saturday afternoon, it would take twice as long."

It also often takes an expert to spot a modern fake bill. The Netherlands, for example, has a large graphics industry replete with optical scanners, laser printers and computer-controlled presses. When the industry has too much capacity, as it does now, printers can more easily be tempted to turn their presses to illegal jobs.

Other methods are cruder. The Italians, renowned for their artistic innovations, have discovered a new method of counterfeiting: they bleach $1 bills and reprint them with $50s and $100s.

Some American counterfeiters are also amateurish. According to the US Secret Service, the federal agency entrusted with protecting the president as well as ferreting out forgers, US "money makers" tend to be individual entrepreneurs who use rather simple offset printers to spew out fake $20 bills—and increasingly $50s and $100s—for palming off on small shops dealing mostly in cash.

Fast-service boutiques, purveying everything from hamburgers to foreign currencies, are especially attractive because of their high cash turnover and late hours. But many of the fake bills in the US are of such poor quality that they are easily spotted with the naked eye.

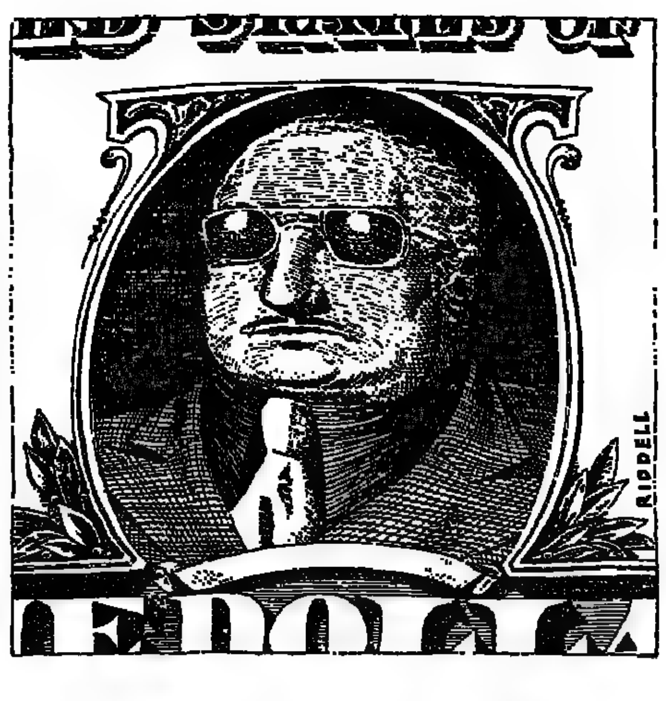
One alarming trend is the rapid rise in US dollar counterfeiting outside the US, especially in Europe and South America. The dollar accounts for 85 per cent of all forgeries and American authorities are worried about dummy dollars being smuggled in.

Last year about 57 per cent of all dollars seized were confiscated outside the US, compared with 43 per cent in 1985. Aside from being the most international currency, the stark simplicity and lack of security features on US banknotes make life easy for the counterfeiters. The notes have only two colours—green and black—and no watermarks or other hidden details are needed. They are also all the same size and have not changed in 60 years, except for the treasurer's signatures. All in all, it is easy to make a buck.

It is little wonder that the Secret Service has been batching less and less funny money. Agents seized $45.6m in the US in 1986, the third straight year of decline. It is hoped a turnround will follow the introduction of the first new banknote security features since 1927. But Mr Peter Daly, of the US Bureau of Engraving and Printing, told the Lyon conference that the planned microscopic printing around the President's portrait and a tiny plastic strip enmeshed in the paper would be delayed, probably until next year.

Most European banknotes have long had such features and are altered about every 15 years. Nevertheless counterfeiting of hard currencies, such as the D-Mark and British pound, is growing and improving in quality with the help of optical equipment. Even high-tech office copiers can reproduce near perfect specimens.

One of the main tools used to combat falsification is Interpol's official handbook on counterfeiting, called Counterfeits and Forgeries. Published by Keesing, a small Dutch firm, it contains pictures of genuine banknotes and the pages listing forgeries in circulation, with details of the tell-tale signs, are continually updated. The handbook is available to the public



Above all, Interpol would like to see members adopting a more open attitude towards forgery, as in the US, where the secret service wages a vigorous campaign to teach the public how to spot forgeries. "If the shoe store clerk refuses to take a forged $20 bill then you can begin combatting counterfeiting," says a Secret Service agent in Washington.

Britain's schools: order in the secret garden

By Guy Neave, Sig Prais and Hilary Steedman

ONE OF THE first tasks for the Secretary of State for Education in Mrs Thatcher's reshaped administration is the next move towards a national curriculum. He will need to appoint working parties to lay down specific targets for seven, 11 and 14-year-olds — a key measure since it opens the way to defining, at the next stage, the basic skills and content of instruction in such areas as mathematics and the sciences.

The national curriculum may well be a source of consternation to many in Britain's teaching profession, but elsewhere in Europe it would scarcely seem radical at all.

Much of the current justification for moving towards a national curriculum in England and Wales rests on the variability in scope and standards of the present provision.

Rapidly advancing technology, and worldwide industrial competition, now requires parliament to ensure that pupils' attainments should be more uniformly high — fewer low achievers—and that they do not fall behind their counterparts in other leading industrial countries. Difficult decisions will need to be taken on three main issues:

1 In what degree of detail should the curriculum be specified?

2 Who is to have the ultimate power to decide?

3 How are pupils' attainments to be assessed?

Essentially a national curriculum includes all school-years and all ability-groups, and not just those reckoned examinable by current school-leaving examinations.

School-leaving examinations will continue to provide a measure of the end-product of the system, but the specified national curriculum will replace those examinations as the major influence on what is taught.

A substantial, but varying, degree of latitude is found in most countries where there is a national curriculum (for example, in Germany, Japan and the Scandinavian countries). It should be reassuring that a national curriculum is nowhere incompatible with local interests, or with the need to encourage originality and initiative by teachers. But there has to be agreement on the basic core to be taught in each school-year to every child.

In some countries (eg France) only the outline syllabus is specified. In others (Japan, Germany) textbooks for each subject have to be approved by the educational authorities. The advantage of specifying or recommending textbooks is that it gives teachers a fuller indication of the level and detail to be attempted at each stage.

A central issue requiring clarification as the country moves towards a national curriculum is. Who shall supervise it? There is a range of possibilities.

One might lie in the form of a national curriculum council made up of a senior group of Her Majesty's Inspectors. Given the more active role that has been assumed by this body in recent years, such a solution would simply extend a trend already visible. It has the advantage of combining expertise with credibility. Though perhaps radical in British circumstances, there are well-known precedents for it. In France, for example, the role of the General Inspectorate in national curriculum development—or as guardians of the national curriculum — is well known.

But would such a solution go far enough? Can HMI really be said to have given an adequately forceful lead to what needs to be done? Such a solution also does not pay attention to another fundamental issue—the need to involve "consumer interests" which have been largely regarded as outsiders to the dialogue between education and government.

Pupils in Britain show great variability in their attainments

Consumer interests, whether parents or representatives of industry and commerce, tend still to be in the minority both on the Secondary Examinations council and on the School Curriculum Development Council —bodies intended to replace the old Schools Council. One reason given for the demise of the latter was the over-representation of "producer interests"—teachers, LEA and examination boards.

A more likely arrangement for a national curriculum council would therefore redress the balance in favour of present and future consumers and bring together a wider range of "social partners". Some might take the even more extreme view that final decisions should lie solely in the hands of consumers, with producers acting only as advisers. It will be interesting to see which view is eventually taken by the Government.

To ensure that higher standards are actually achieved, it will be necessary to institute some form of assessment. A speedy approach to nationwide acceptability of the results of such assessment will probably require that they be set and marked externally.

Some teachers will not welcome an intrusion into their "secret garden." They will point to the practice of other countries where internal assessment by a school's teachers is regarded as, at least, more or less adequate.

But in these countries a national curriculum and associated standards of attainment have been part of the framework for so long that variations among schools, and among pupils' attainments are much more limited than in Britain. It is questionable whether the UK can afford the decades that may be necessary to move forward slowly in this direction. External assessment is thus likely to be required, at least initially.

The next issue relates to the way in which two requirements of assessment can best be combined. The first requirement is that a minimum standard of attainment has to be specified which, say, 90-95 per cent of pupils can reach. Those who do not reach it may need supplementary tuition before the beginning of the next school-year.

The second requirement is for a test which enables pupils and teachers to demonstrate the higher levels of attainment in the broader range of topics that has been covered. Can both these objectives be met in a single test?

The Japanese manage to do so in their public examinations at age 15, in which the early questions in a test are labelled as basic, and later questions examine increasingly difficult aspects.

Our own GCSE examination has gone the other way. It has three groups of tests and the group for each child is chosen in advance according to his likely attainment.

One reason for this difference is that the Japanese teaching system produces much less variability among pupils. It is able to combine this low variability with very high average attainments when judged by international comparative tests.

British pupils, in contrast, show great variability in their attainments, together with average attainments that are undistinguished or mediocre by international standards.

The introduction of a national curriculum should ensure not only that each child has an equally broad and balanced curriculum but—more important—should make possible early diagnosis of lack of adequate progress by any pupils within that framework.

Parents, teachers, and pupils themselves, will be able to take better informed and better motivated decisions about any remedial measures that may be needed.

Concentration at early ages on bringing as many pupils as possible to the basic standard required for progress within the framework of the curriculum, should help to reduce at later ages the wide range of attainments characteristic of this country. Overall standards must benefit from more sharply focused effort on core topics on the part of both teachers and pupils.

Finally, when assessment on these lines is in operation, all those concerned with providing education will be in possession of the information needed to plan further improvement and progress.

Prof Neave is Head of the Department of Comparative Education at the University of London Institute of Education. Prof Prais and Hilary Steedman are at the National Institute of Economic and Social Research, London.

Letters to the Editor

Policy on mergers

From the Chairman, Hanson Trust

Sir,—Mr Palamountain (June 25) with monotonous regularity parades his opinions on mergers as if they were facts. His assertion that in some way agreed mergers are acceptable, but contested one not, is wholly without evidence. In fact the majority of academic studies worldwide, including a recent CBI paper, conclude the contrary.

Although Mr Palamountain suggests otherwise, the shareholders do agree to a contested merger. It is incumbent management which does not.

Mr Palamountain's objections to contested takeovers, which he describes as "formidable," are all from management's and none from the shareholders' point of view. Again, the recent CBI paper clearly shows no evidence of the supposed short termism to which he refers. As for encouraging insider trading, an agreed offer is more likely to present that opportunity.

Palamountainous logic asserts that it does not matter if a merger agreed by both boards may not benefit shareholders, provided all parties concerned believe at the time that they will benefit.

But where are the benefits most likely to occur? In a cosy agreed deal is it not highly probable that the arrangements will be made for the benefit of the incumbent management and not primarily for the shareholders? Contested acquisitions usually have the effect of displacing unsatisfactory management when a bid succeeds and of improving its performance in many cases where it does not.

If Mr Palamountain truly wishes to represent the wider ownership of shares, he would be better advised to balance his views to take account of shareholders' need to use the stick as well as the carrot.

Hanson,
1, Grosvenor Place, SW1.

A gift to charities

From Mr R. White

Sir,—As a result of the considerable capital gains currently being enjoyed by many wise private investors dividends are decreasingly relevant in percentage terms. Additionally in many cases following minimal allocations from privatisations, etc, these are also fairly small. As tax is deducted at the basic rate these dividends often have to be declared for further tax to be levied, involving extra expense with accountants as well as the problem of bank charges.

Could a scheme be devised that dividend cheques with their accompanying tax credits could be passed directly as a one-off gift to a registered charity who could in due course also claim back the deducted tax?

This would give the charities additional revenue at little cost to the donor without involving the complication of covenants, etc., saving the administrative cost of receiving small dividends which can sometimes be more than the benefit.

Equally a public company could suggest to its shareholders that they could request it to pay the dividend gross to a single named registered charity instead of to them — I think this would be surprisingly attractive to a number of smaller shareholders especially those mentioned above.

Rupert White.
21 Cleveland Place, SW1

Qualifications for office work

From Mr D. Smith

Sir,—The London Chamber has long argued for broader competences in office work and the need for capable office staff to be trained to levels at which they can take on greater responsibilities. A major purpose of LCCI's commercial education scheme is to meet that need and I strongly refute therefore the suggestion by Ms Steedman of the National Institute of Economic and Social Research (June 20) that the chamber's provision is "piecemeal." The LCCI scheme is a coherent whole, certifying competence in a related range of office occupations from the basic to the professional levels. The ladder for progression exists and furthermore, the awards are recognised officially in this country and around the world by governments and the many professional bodies which accept them for entry. It is perhaps significant that the institute's researchers at no time contacted this office for information or verification of their findings.

It is the Institute's identification of "A" levels as the means for improving qualifications for office work which causes me concern. I see no merit whatever in the theoretical, subject-specific approach of "A" levels, perpetuated through the academic nature of the university-dominated boards, being applied to job-specific vocational qualifications which are essentially statements of practical competence.

Ms Steedman is right to point out that the NCVQ's framework will eventually allow qualifications to be more readily compared with each other. But the NCVQ also wants a more flexible system, one which will give due credit to experiential learning, to awards attesting competence from various sources and which will allow people to acquire increments of competence over a period of time to build up a recognised qualification. Most important of all, qualifications will have to assess the whole range of specified competence, which means in effect, some form of assessment of role performance in a job of work. Any "A" level that could deliver all that would be unrecognisable as such.

David Smith,
(for the Director),
London Chamber of Commerce & Industry Examinations Board.
Marlowe House,
Station Rd,
Sidcup, Kent

Simple change for rates

From Mr R Bonwit

Sir—Even admitting that many poor people either pay no rates or pay at a reduced figure, the proposed poll tax (technically an incorrect description) is bound to favour large property owners and householders in "desirable" locations at the expense of the majority.

But there exists a relatively simple alternative practised widely in Scandinavia and Federal Germany. This consists of a percentage surcharge on the national income tax—the additional percentage may be jointly decided by the local authority and central government.

This alternative would help to implement an underlying aim of the Government's plans—to impose more stringent central control over local government conduct and the burden of local authority expenditure, especially at district level.

The Government could lay down minimum and maximum percentage figures for the "local taxation" increment of income tax. Collection would take place simultaneously with that of income tax. Transferable "local tax" supplements could be co-ordinated with standing central government grants, such as those for education.

The poorer section of the community would benefit from general tax allowances, which should be raised by the percentage levied for local purposes. Wealthy taxpayers would continue to enjoy the services of the tax management industry.

Ralf Bonwit,
Sorby, Kiln Lane,
Binfield Heath,
Henley-on-Thames, Oxon.

Privatising water

From the Chairman, Severn-Trent Water Authority

Sir, — Your edition of June 27 carries a lengthy item by Fiona Thompson headlined "Water authorities reject plan for river control."

The suggestion is that there is some sort of unanimous confrontation on the part of the chairmen of all water authorities with the Government's new proposed privatisation plans for the industry.

On the contrary, as chairman of the second largest authority and one which covers the industrial heartland of England in the west and east Midlands, has revenues not far short of those of Thames, and comparable operating profits, I regard the Government's new proposals as perfectly sensible and, indeed, the only basis on which the ultimate benefits of privatisation can properly be obtained.

Of course a great deal of detail has yet to be worked out in collaboration with the department of state concerned, but I am certain that this can be done sensibly provided it is not hindered by news items hinting at confrontation to which this chairman, at least, does not subscribe.

J. G. Bellak.
2297, Coventry Rd,
Sheldon, Birmingham.

Advice to female executives

From Zarin Steven.

Sir, — After reading your business books reviews on June 20, I am impelled to make a comment on women in business.

I have been happily ensconced in our family business, managing the research arm and catering to large institutional clients world-wide, providing in-depth research on Far Eastern Stock Markets for several years.

The single most important lesson I have learnt, and would like to share with other aspiring female executives, is employ a man to take care of certain aspects of the business, viz entertainment and other similar necessities that go hand in hand with "success."

Zarin R. Steven,
Zarin, Chong and Partners,
Suite 201, 2nd Floor,
Wisma HLA,
Jala Raja Chulan,
50200 Kuala Lumpur,
Malaysia.

FINANCIAL TIMES

Wednesday July 1 1987

Alexander Nicoll looks at the banks' rapid response to criticism over their bad debt provisions

Lenders meet the Third World challenge

BANKS ARE striking back in the arguments over the handling of the developing countries' debt crisis.

Their quick response to a financing package for Argentina is a striking rebuff to the rising chorus of calls for debt forgiveness schemes and to those who forecast that the recent wave of loan loss provisions by banks would halt their commitment to future loans.

By yesterday, the $1.95bn new loan and $30bn rescheduling package had received commitments from bank creditors equal to over 97 per cent of the total. Requests to the country's 350 creditor banks had been issued at the end of April. The financing is part of Argentina's financing package involving the International Monetary Fund and sovereign creditors.

Some Italian and Spanish banks were among the laggards, but pledges from US banks, which had been expected to be the most difficult to obtain, were well above 90 per cent of their quota.

The deal is not yet done and has not yet reached the so-called "critical mass" at which the International Monetary Fund gives the go-ahead for its own $1.35bn standby credit and $2bn of World Bank loans.

The response so far, however, is probably the quickest to any package since the crisis broke nearly five years ago. Admittedly, it was speeded by incentive fees for rapid commitment which were one of the innovative features of the package. And banks had a point to make: they had said that their increased provisions would not alter their approach.

Few people suggest that packages such as these will by themselves solve the problem or provide the transfers of funds which developing countries need to help them grow out of their debt problems.

But the Argentine commitments suggest that:

- bank lending to countries with orthodox economic policies endorsed by the IMF will continue along the lines of the US-initiated Baker Plan.
- the revitalised "menu" approach, in which banks are offered a range of financing options, could form part of a practical debt strategy, with commercial bank loans directed more towards specific purposes such as trade, private sector financing and equity investment rather than on deficit finance.
- the advisory committee structure in which a package is negotiated with each country on a case-by-case basis will be bolstered after signs of dissension in recent months. In particular, the position of Citibank as chairman of five of the committees, including Argentina's, should be strengthened.

Citibank's William Rhodes

Mr William Rhodes, the senior Citibank official who heads the committees, said last week that the "rapid and positive response by Argentina's creditor banks is due in large part to the menu of options approach."

The current situation represents a marked improvement over that earlier in the year, when a $7bn Mexican loan ran into enormous difficulties. Brazil suspended interest payments on $68bn of bank loans and banks began to take provisions.

Not only is the deal with Argentina close to completion, but agreements have been reached with Mexico, Chile, Venezuela and the Philippines. Ecuador and Peru remain problematic, and Yugoslavia emerged yesterday with new difficulties.

But the spotlight as far as debt strategy is concerned will now switch to Brazil. If the country can reach an IMF accord, especially one providing IMF money - itself a dramatic reversal from its previous position - the signs are that a full-scale new money and rescheduling package elaborating on the menu approach will be achievable.

If that is so - and there must still be huge question marks - it would considerably allay concern that the debt crisis has been getting out of control and bolster banks' argument that the correct strategy remains one which prepares debtor countries for their eventual return to creditworthiness and access to voluntary lending in the capital markets.

Bankers believe that debt forgiveness schemes would be difficult to control, would remove the incentive for debtor countries to enact sound economic policies, would hamper their international trade and cut them off from new loans.

Bankers say a process of tiering is now under way in which the longer-term problem countries such as Bolivia or the poorer African states will be candidates for officially sponsored relief schemes, while larger countries with rosier prospects will remain more on current lines.

The more optimistic atmosphere surrounding the debt crisis was pinpointed by Mr Martin Feldstein, the US economist, who stated in the Economist magazine: "I am convinced that it is possible to restore satisfactory rates of economic growth in the major Latin American countries - and in a way that will allow the debtor governments and creditor banks to continue to work together." He said this would not require explicit debt forgiveness or any other radical change in the handling of debt.

Chun expected to accept democracy plan

BY MAGGIE FORD IN SEOUL

PRESIDENT Chun Doo Hwan of South Korea intends to accept the plan calling for direct presidential elections, his aides indicated yesterday. The President is to make a statement today on the future of the nation, rocked by demonstrations in the past three weeks in pursuit of democratic change.

The eight-point plan, put forward on Monday by Mr Roh Tae Woo, leader of the ruling Democratic Justice Party, would allow direct presidential elections this year, put an end to the restrictions on Mr Kim Dae Jung, a leading opposition politician and introduce a number of other democratic reforms.

Mr Roh visited the presidential mansion yesterday to discuss the plan, and the President held a series of meetings with senior statesmen, cabinet ministers and legal and parliamentary experts about the implications of the reforms.

Optimism that democracy would be granted prevailed in Seoul yesterday. The stock market index gained a futher nine points after a rise of 16 points on Monday.

Both Mr Roh and senior opposition politicians, who welcomed his proposals, attracted praise for their apparent sincerity, although speculation continued about whether President Chun knew of the plan in advance.

Local political observers said that they felt the set of measures, which appears to meet many of the demands of both opposition leaders and popular opinion, was devised by Mr Roh alone.

Hailing it as a turning point, the Dong Ah Ilbo newspaper said it was right that the country should both hold a presidential election and play host to the Olympic Games in Seoul next year.

In a note of warning, it added that amid the euphoria, clear sightedness was essential to avoid being side tracked into the political manipulations of the past. South Koreans have indicated by their support for last month's widespread demonstrations that they are determined to institute genuine democratic reform.

The newspaper's concern focused on negotiations over revision of the constitution, which will have to take place in the National Assembly before the presidential election is held.

National Assembly sessions have frequently been regarded as fruitless shouting matches in the past because Assemblymen were given no power to amend key legislation.

Japan keeps close eye on Seoul

Ian Rodger examines the effect of South Korea's crisis on a neighbour careful not to get too involved.

JAPAN'S efforts to shed its reputation as a diplomatic midget on the world stage have not been helped by the crisis in South Korea.

If ever there was an issue in which Japan had a vital interest, this is it. South Korea is a big market for Japanese goods, a target for considerable Japanese direct and portfolio investment and a country whose fate could have a significant impact on Japan's security. There are also strong, if tormented, cultural and emotional ties between the two countries.

Yet once again, Japan has chosen to stay quietly in the background, avoiding any substantive comment on South Korea's agonised attempts to reconcile ever-increasing popular demands for democratic reform with the military-backed Government's belief that stability and growth can only flow from a disciplined society.

While the US Government, which has an equally big stake in South Korea's security, has been urging the Chun regime to open the way for constitutional reform, the Japanese have said virtually nothing.

"We have a strong interest in developments in Korea," a Japanese Foreign Ministry official said at the weekend. "We are hoping the situation will be resolved peacefully as soon as possible, and that they will have the Olympic Games and constitutional change."

Is the Japanese Government making its views known to the South Korean Government? "Not officially."

In fact, Japan has good reasons for keeping a low profile on the South Korean crisis. The Government knows that any intervention it might make would, at best, be resented and could well be counterproductive.

The country's primary concern is strategic. But there are also substantial industrial and commercial interests. Total direct investment by Japanese interests in South Korea is estimated at $1.39bn. Even though foreign portfolio investment in South Korea is severely limited, the Japanese are believed to have made substantial commitments there, made possible in many cases by family ties.

Japan also has a large trade surplus with South Korea, amounting to $5.3bn last year, based increasingly on sophisticated industrial intermediate goods which go into Korean finished products, such as cars and electronic equipment. On the other hand, Japanese manufacturers are using South Korea increasingly as a source of low cost components to help them stay competitive in world markets despite the rise in the yen.

Relations between the two countries have been delicate since the long Japanese occupation of Korea which ended with the Second World War. Roughly 600,000 people of Korean descent now live in Japan, many of them - or their parents - brought to Japan forcibly during the occupation to work in Japanese factories. In the immediate postwar period when Korea was very poor, many more came voluntarily and illegally in search of work.

This Korean community has become a chronic problem for Japan. Japanese law basically does not permit aliens to become citizens and the Koreans interpret the behaviour of the authorities towards them as a reflection of a popular Japanese view that Koreans are inferior. The fingerprinting of aliens, introduced in 1952 to try and stem the flow of illegal immigrants from Korea, is often a focal point for protests by Koreans in Japan.

Japanese immigration laws have gradually been modified to try and ease the situation. It is now possible, for example, for Korean residents in Japan to become citizens, but only under rather humiliating conditions, such as taking on Japanese names. In 1985, the law was amended so that the children of a Korean father and a Japanese mother had a right to apply for Japanese citizenship.

The Japanese Government believes that the problem will gradually disappear as the Koreans living in Japan intermarry with Japanese (over 60 per cent of them now marry Japanese) and as the Korean people grow in confidence. The Japanese Government has been solidly supporting the Seoul Olympic Games, seeing it as a major boost for the nation.

Yugoslavia tells banks it cannot meet debt payments

By Alexander Nicoll in London and Aleksandar Lebl in Belgrade

YUGOSLAVIA, hit by a shortfall in export revenues and mounting economic troubles, is seeking an emergency $300m loan from the Bank for International Settlements and has told commercial banks that it is unable to make debt principal repayments of $245m.

The Basle-based BIS, which groups the central banks of industrialised countries, is understood to be studying the Yugoslav request.

The BIS usually expects a bridging loan to be followed by an agreement on an economic programme with the International Monetary Fund, including a standby credit arrangement out of which the BIS can be repaid.

An IMF team is in Belgrade to review the Yugoslav economy under so-called "enhanced monitoring" arrangements begun when a previous IMF accord expired. The fund has put increasing pressure on the country to curb its soaring inflation rate of more than 100 per cent.

Officials of Yugoslavia's leading creditor banks, including Manufacturers Hanover Trust of the US, are due in Belgrade within the next few days to discuss the country's request to bank creditors for an extension on repayments of $93m of principal due yesterday and $152m on July 20.

The request for the 90-day payments extension was ascribed to temporary difficulties associated with the seasonal shortage before the summer tourist season gets fully under way in the next couple of weeks. Among other major creditor banks expected to visit Belgrade are Barclays, Westdeutsche Landesbank and Bank of Tokyo.

The country, however, clearly faces a bunching of debt maturities with $2bn of interest and more than that in principal due this year. The latest move could represent the beginning of protracted negotiations leading - if there is progress on the economic front - to a new rescheduling agreement.

Bankers viewed the Yugoslav moves as a sign that a new balance of payments crisis could be brewing.

Yugoslavia, which has a foreign debt of some $20bn of which 70 per cent is owed to banks, has been scrupulous in its adherence to previous rescheduling agreements with banks and has made hefty payments recently. Unlike most other problem debtor nations, it has been repaying debt principal as well as interest.

Its latest difficulties have been caused by inadequate inflow of foreign exchange despite healthy rises in exports

Big US rail merger to be dismantled

BY WILLIAM HALL IN NEW YORK

ONE OF THE biggest mergers in US corporate history will have to be dismantled following yesterday's decision by the US Interstate Commerce Commission (ICC) not to reconsider its decision to block the $6.4bn merger of the Sante Fe and Southern Pacific railroads, which would have created the third biggest US railroad.

The ICC yesterday rejected a staff recommendation to reopen the case and in a four-to-one vote refused to reconsider its July 1986 decision to reject the merger of the two big US regional railroads, which together employ 49,000 and operate 24,500 miles of track.

The ICC ordered Sante Fe Southern Pacific Corporation, which was formed from the December 1983 merger, to submit a plan for divesting itself of one or both railroads within 90 days.

The ICC decision marks the end of what has been described as one of the 'most disaster-prone acquisitions in business history.'

The two railroads were so confident that they would win the approval of the ICC that they had long since begun painting their engines and rolling stock in the same colours. While the Southern Pacific, the larger of the two railroads, had been run autonomously through an independent voting trust, its earnings were consolidated into the Sante Fe Southern Pacific balance sheet and most of the ancillary operations had been merged.

Sante Fe Southern Pacific had made several efforts to overcome the ICC's objections to the planned merger but the ICC said yesterday that the proposals put forward would not solve the anti-competitive problems posed by the merger and possibly would make them worse.

The lengthy hearings and uncertainty over the proposed merger have sapped morale at the two railroads, forced the resignation of the group's chief executive and made the company vulnerable to a possible takeover.

Mr John Reed, a former chief executive of Santa Fe who was brought out of retirement following the ousting of his successor earlier this year, said yesterday that the group was disappointed by the decision because it believed that it had satisfied the ICC's objections and the merger would have strengthened railway operations in the western part of the US.

The news of the ICC's decision led to a sharp jump in the group's share price yesterday. By midday the shares were $4 3/8 higher at $50 5/8.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	[illegible]	79	Dubrovnik	S	32	90	Malta	F	25	77	Rhodes	S	29	84
Algiers	S	[illegible]	79	Edinburgh	F	17	63	Manchester	F	18	64	Rio de J'o	S	28	82
Amsterdam	F	[illegible]	68	Faro	S	28	82	Manila	C	31	88	Rome	S	34	93
Athens	S	[illegible]	91	Florence	S	33	91	Melbourne	C	11	52	Salzburg	S	29	84
Bahrain	S	[illegible]	104	Frankfurt	S	30	86	Mexico City	-	-	-	San Francisco	C	18	64
Bangkok	-	-	-	[illegible]	F	23	73	Miami	R	32	89	Seoul	F	26	79
Barcelona	C	[illegible]	79	Geneva	S	28	82	Milan	S	31	88	Singapore	TH	24	75
Beirut	S	30	86	Gibraltar	S	23	73	Montreal	R	23	73	Stockholm	R	14	57
Belfast	C	16	61	Glasgow	F	17	63	Moscow	C	17	63	Strasbourg	F	31	88
Belgrade	S	29	84	Guernsey	F	16	61	Munich	S	29	84	Sydney	S	14	57
Berlin	S	31	88	Helsinki	S	20	68	Nairobi	F	23	73	Taipei	C	31	88
Biarritz	C	21	70	H. Kong	S	32	90	Naples	F	32	90	Tangier	S	28	82
Bombay	TH	26	79	Innsbruck	S	31	88	Nassau	C	31	89	Tel Aviv	S	38	104
Bordeaux	-	-	-	Inverness	F	17	63	New Delhi	S	41	106	Tenerife	S	27	81
Brussels	F	29	84	Islamabad	S	44	111	New York	C	31	87	Tokyo	S	23	73
Budapest	S	29	84	Istanbul	S	29	84	Nice	S	28	82	Toronto	C	28	82
B. Aires	C	18	64	Jakarta	R	33	91	Nicosia	S	37	99	Tunis	S	28	82
Cairo	S	37	99	Jersey	S	20	68	Oporto	S	20	68	Valencia	F	27	81
Cape Town	S	19	66	Jo'burg	S	18	64	Oslo	F	17	63	Venice	S	30	86
Caracas	C	26	79	Lima	C	19	66	Paris	S	29	84	Vienna	S	29	84
Casablanca	C	25	77	Lisbon	C	34	93	Peking	S	27	81	Warsaw	C	24	75
Chicago	C	27	80	London	C	25	77	Prague	S	28	82	Washington	-	-	-
Cologne	F	30	86	Los Angeles	S	25	77	Reykjavik	F	15	59	Zurich	S	29	84
Copenhagen	S	21	70	Luxembourg	F	29	84								
Corfu	S	34	93	Madrid	S	30	86								
Dallas	-	-	-	Majorca	S	27	81								
Dublin	C	18	64	Malaga	F	23	73								

Readings at [illegible] yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Packer lifts Hill Samuel stake

BY TERRY POVEY IN LONDON

MR KERRY PACKER, the Australian multi-millionaire businessman, has almost tripled his stake in Hill Samuel to 12 per cent at a cost of £33m ($52.8m) following a reshuffle of Australasian shareholdings in the UK merchant bank.

In a statement yesterday, Hill Samuel indicated that Consolidated Press Holdings, Mr Packer's master company, had purchased all the 4.9 per cent stake in the bank previously held by NZI, the New Zealand insurer. The price paid is believed to have been 497p a share.

Stockbrokers believe that the rest of the shares acquired by Consolidated were purchased from Mr Robert Holmes a Court's Bell Group in a single transaction also priced at 497p.

Hill Samuel has made clear repeatedly that it does not welcome the interest shown in its shares by various Australian entrepreneurs. When announcing its rather lacklustre results for the year to March - pre-tax profits were ahead by only 5 per cent to £42.9m - the bank said that "these new investors provide no commercial benefits to the group's trading activities" and should not be allowed to influence the direction of the group, which wished to remain independent.

Mr Packer, who obtained A$1bn for the sale of his media interests a few months ago, now becomes the second largest shareholder in Hill Samuel - ahead of him on the register is Mr Larry Adler's FAI Insurance with 14.13 per cent. A few months ago, FAI and Consolidated announced that they were jointly providing the A$50m finance to set up a merchant bank in Sydney.

Both NZI and Bell will show considerable gains on the sale

THE LEX COLUMN

GEC opens its fist

The electric shock treatment applied to GEC towards the end of 1986 seems finally to have galvanised the company into at least the appearance of action. The most obvious demonstration of the management's willingness to reform must be the dividend - the final payout increased by 31 per cent after a miserly 7 per cent extra at the interim and the promise of real annual rises of 10 per cent. And all the talk of management restructuring, of spending more on research and development, of investing for the long term even at the expense of the short term, is positive even if it means nothing for profits in the next year or two.

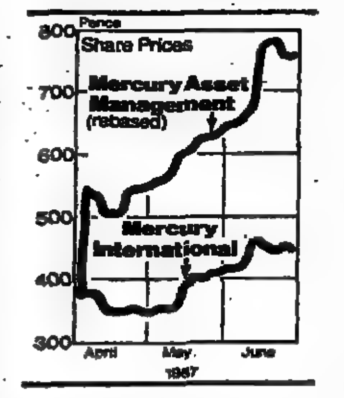
Yet it would be too generous to argue that GEC now deserves to reverse the de-rating of the last five years. The present mix of businesses will still not provide strong growth, even if they are returning enormous amounts on capital employed. The deals done so far are all taking GEC in the right directions but there must be many more, or some much larger ones, before they make an impact on a group this size. That requires a readiness to spend the cash rather faster than it accumulates. With below average earnings growth likely for a while yet, a prospective multiple of 14, with the shares up 5½p at 247p, is taking little on trust.

Eurobonds

The US Treasury's decision to tear up the tax treaty with the Netherlands Antilles sent Eurobond traders searching through the lists for vulnerable issues, and markdowns ranged as large as 25 per cent on the longer dated zero coupon bonds.

The problem should be put into perspective. The affected issues are those by US borrowers through the Dutch Antilles before 1984's general relaxation of withholding tax, amounting to $30bn or so against a current Eurobond market capitalisation of some $600bn. But if the direct financial damage should be small, except for those caught with freakishly concentrated portfolios of zeros, the psychological damage could be more serious. Certainly the Eurobond issuing houses were playing down an apparently lucrative refinancing opportunity yesterday and were focusing on the negative reactions of Eurobond investors who had never thought it important to read the prospectus small print.

The right of issuers to call in the bonds at par on a change in the tax regime is plainly valuable when they stand at a premium in the secondary market. The Treasury will have known that when deciding to pull the plug on the Antilles. And if one side-effect is to reduce confidence in the Eurobond market and concentrate the refinancing in the US domestic bond market the Treasury will have no objections at all.



MIG/MAM

The story of Mercury Asset Management's flotation is not, perhaps, the best advertisement for Mercury International's ability to price new issues or make profit forecasts - but then the intention had never been to make a lot of money from the deal. Since the sale in April at 225p MAM's shares have doubled. And MAM's profits turned out at £22.8m, 17 per cent above the minimum £19.5m expected three weeks before the year end. Clearly March was a good month.

What MAM's success does suggest, though, is that MIG, still holding 75 per cent of MAM, is underrated. After all MIG's own figures, pre-tax profits of £96.0m up from the pro forma £91.8m, are not at all bad given a trading background which has caused some rivals worse problems. MIG has charged £12m of its Big Bang-related costs to inner reserves, but even so its second half performance, showing profits up more than a quarter after the first half decline, is impressive.

If MAM can keep up its growth, and take the fees on the much higher value of funds under management, its profits should be well ahead even if stock markets are flat. And if MIG can also maintain its post-Big Bang showing and earn a bit on the rights money, profits this year should be ahead by a third or, with a following wind, a half. Stripping out MAM's value leaves MIG on a multiple of around 6 or 7, which is a few points too low barring a bear market of 1974 proportions. Those Canadian pension fund managers who bought a 14.9 per cent stake in December at 455p, just above yesterday's closing price of 446p, now almost have their feet back on the ground.

German equities

If the famous wall of international money has been seen anywhere since the Conservative election victory, it is in the German equity market. Over the past fortnight the Frankfurt exchange has risen by about 9 per cent, for reasons which are not all entirely rational. The principle of Buggins' turn has been at work: the German market has been the worst performing of all the major exchanges over the past nine months, so has become a destination for profits taken from more glamorous performers such as the UK. A seemingly more intellectual argument being advanced is that the dollar appears to have stabilised against the D-Mark, and that therefore good times are just around the corner for an industrial base which must export or shrink.

Yet the solid 1986 results which have created an impression of resilience reflect a period when the dollar was always above DM 2 and when companies had sold dollars forward at even more advantageous rates. A full year of competing when the rate is around DM 1.8 and earning such depreciated dollars is the sort of trading environment which justifies the apparently low share prices in Frankfurt. What people may mean by dollar stabilisation is that the dollar will recover. If so, it will come as a big relief to the central banks who would welcome some respite from propping up the US currency.

Yesterday's revelation from Siemens that two of its divisions will make big losses this year had the immediate effect of knocking DM 50 off its share price. It may also stymie the recovery in German equities generally.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday July 1 1987

GEC unveils plan to reorganise management

BY TERRY DODSWORTH, INDUSTRIAL EDITOR, IN LONDON

LORD WEINSTOCK, the redoubtable managing director of Britain's General Electric Company, turned on a combative and virtuoso performance yesterday as he conducted a press conference to explain the group's annual results for the first time in virtually two decades.

For those with previous exposure to the Weinstock style, it was a vintage act, complete with a good joke about a Rabbi, some vigorous *thrusts at his critics,* and plenty of evidence that he has lost none of his parsimonious approach to conserving the company's cash.

"I always speak with more conviction when I have money in my pocket," was the punch line of his joke, *told* in response to a query about yet a further increase in GEC's notorious cash mountain, now *standing* at £1.7bn.

The reason for the meeting was not hard to find. After a poor year in which GEC was hit by a variety of mishaps – including its failure to take over Plessey, the UK electronics group, and the cancellation by the British Government of the Nimrod early warning aircraft contract – pre-tax profits were down by almost 5 per cent.

Lord Weinstock felt he needed to respond to the accusation that the company had become a sleeping giant.

"I have seen no sign of anyone being asleep," *he said. "The idea that* we have sat there for five years doing nothing is an insult to my chaps who have worked their butts off."

In answer to his critics, Lord Weinstock revealed that the company would continue with its new joint venture policy, an approach which used to be anathema to GEC, and unveiled a management reorganisation aimed at creating larger divisional groups.

Over two years, he said, these would be formed to bring together similar activities, such as the Marconi and Avionics divisions, so that their activities can be integrated.

Asked whether this reorganisation was an admission that he had tolerated inefficiencies, Lord Weinstock responded with a characteristically pugnacious retort.

Of course, he had, he said. "It is a question of making do with what you have got. If you had a brilliant painter and his singing was very *bad, you would not stop him singing* in his studio."

The idea of the reorganisation was to interpose another layer of management so that day-to-day operational responsibility could be pushed further down/

And would that mean a decline in the famous one-to-one meetings at GEC's Stanhope Gate headquarters in London, where divisional management is riecilessly grilled on their performance? "You must be joking," said Lord Weinstock.

Landmarks Holdings losses rise to 99.8m ringgit in 1986

BY WONG SULONG IN KUALA LUMPUR

LANDMARKS HOLDINGS, the publicly listed company which was controlled until recently by Tan Sri Chong Kok Lim, the 75-year old, beleaguered Malaysian industrialist, has recorded an extraordinary loss of 98m ringgit ($39.2m). This pushes aftertax attributable losses to 99.8m ringgit for the year ended December 1986 compared with a net profit of 4.7m ringgit in 1985.

The new board, in a statement issued yesterday, said it was prudent to make provision for doubtful loans and to reduce the value of its investments.

Group turnover was 49.6m ringgit, down from 52.4m ringgit.

Tan Sri Ghazali Shafie, a former Malaysian foreign minister, who took over from Tan Sri Chong as Landmarks' chairman on June 8, said the new board was taking several measures to put the group on a "stable footing".

These steps include a review of the group's financing structure to overcome its tight liquidity position, a loans recovery programme, and reorganisation of its management. Accountant Peat Marwick Mitchell has been appointed to carry out a detailed examination into the group's operations, including a management audit.

Landmarks is capitalised at 115m ringgit. It owns the 388 room Regent Hotel and the popular Sungei Wang shopping complex in Kuala Lumpur and is also involved in property development and plantations.

The Chong Kok Lim Group (CKLG) gave up control of Landmarks to Peremba, a government property company, earlier this month, following pressure from its foreign creditors.

CKLG now has only one member on Landmarks' six member board.

Arthur Young, CKLG's financial adviser, has estimated that the CKLG has total accumulated liabilities of 922m ringgit while the value of assets pledged is put at around *1.06bn ringgit, most of which is* property and shares.

United Technology considers Essex offers

By James Buchan in New York

UNITED TECHNOLOGIES, the US aerospace and industrial group, said yesterday that it was considering offers for its Essex wire and cable subsidiary in what appears to be a continuing effort to consolidate its far-flung industrial empire.

United, the aviation company that was transformed by Mr Harry Gray into one of America's largest conglomerates, said that it had hired Salomon Brothers, the Wall Street investment firm, to evaluate approaches received for Essex's wire-making businesses for the building, automotive, telecommunications, magnet and appliance industries.

United Tech stock jumped $1⅛ to $52½ in early trading yesterday amid hopes on Wall Street that Mr Robert Daniell, who took over from Mr Gray as chairman this month, would continue moves to shed low-growth, low-profit businesses

Essex, which is faced with substitute products in many of its markets, had revenues of $906m last year and is thought to have earned no more than $35m.

The businesses, which are believed to have a book value of about $300m, would not sell for much of a premium, said Ms Judith Comeau, an analyst at Goldman Sachs.

But Mr Phil Friedman, of Drexel Burnham Lambert, said it was important that management was "gaining credibility through accelerating divestments."

United Tech owns Sikorsky helicopters, Otis elevators, Carrier air-conditioners and Pratt & Whitney aircraft engines. Last year it took a $346m charge to after-tax earnings to cover restructuring costs which left profits for the year at only $72.7m from sales of $15.67bn.

FRENCH GLASS GROUP RETURNS TO EUROPEAN ACQUISITION TRAIL

St Gobain goes on manoeuvres

BY DAVID HOUSEGO IN PARIS

MR JEAN-LOUIS BEFFA, president of Saint Gobain, the French glass and materials group, has a liking for military metaphors: his priority for the company privatised earlier this year and listed on the London Stock Exchange today, is the conquest of market share through external acquisitions.

"Once you have gained a hold in a new territory and buttressed your position, you are there for years," he said. "It is what the British once *achieved in conquering the French* provinces of Aquitaine."

Saint Gobain is Europe's largest *flat* glass producer and the world's second largest producer of insulated materials. It has returned to the acquisition trail under the double impulse of its strengthened financial situation and the additional leeway provided by privatisation.

Its aim is to increase its market share, above all in its home ground of Europe, while also purchasing new technology.

Today's listing in London, to be followed by quotations in Frankfurt, Zurich, Basle and Geneva, is in line with the same strategy of broadening the group's access to the international capital markets with a view to eventually raising funds that could finance additional purchases.

"We are preparing the ground so that if an opportunity arises we can seize it," said Mr Beffa.

From 1983 until last year, the group was so absorbed by its own internal restructuring problems and by nationalisation, that it had neither the financial means nor the leeway to embark on external purchases. But its financial turnaround has come quicker than expected.

It was able to cut its medium and long term debt by FFr 8bn ($1.3bn) to FFr 11bn by the end of the year. *Cash-flow exceeded capital* spending by FFr 1.5bn. Net consolidated profits rose by 93 per cent to FFr 1.45bn, *following* a 15 per cent increase in turnover to FFr 77.7bn.

This year's profit growth is expected to be much more modest, though Mr Beffa is making no public predictions. He says the international economic environment is not easy although the housing industry in France and West Germany is picking up with a favourable demand for glass and insulation materials.

But the group is still reaping the benefits of its heavy investments and gains in productivity of recent years.

It is against this background that the group has been looking to increase its market share and its technological strength through acquisitions.

Jean-Louis Beffa: out to conquer market share

Among recent moves, this month it has been strengthening its hold in southern Europe by increasing its stake in Covina, the Spanish flat glass producer, from 20 to 45 per cent. Earlier this year it also created a new subsidiary in Portugal to produce and distribute glass bottles.

In northern Europe, it has raised its stake in Gulfiber, the Swedish insulation group, with an annual turnover of FFr 800 from 40 per cent to full ownership. Gulfiber, is the market leader in Europe for glass fibre sound proofing for car engines, the car industry being with the building industry the other major client for Saint Gobain's products.

In the US, Certain Teed, Saint Gobain's American subsidiary, has taken control of Air Vent, a company specialised in ventilation equipment *for the building sector. In the* Far East, Saint Gobain signed a protocol agreement with the South Korean Keumkang group for the construction of a float glass plant with a 500m tonnes a day capacity and for a glass making factory for the car industry.

None of these investments are of the size of the $700m acquisition in the US that Mr Beffa indicated he was interested in making 18 months ago. He says that he does not exclude such an operation.

But he also argues that prices on the US stock exchange are currently high with ICI, for instance, having to buy Stauffer on a price earnings ratio of 20. At that level, he says, it is essential that a new acquisition brings a substantial plus to the group.

By comparison, Saint Gobain has a price earnings ratio of about 14.

Steyr-Daimler posts Sch 1bn loss

BY JUDY DEMPSEY IN VIENNA

STEYR-DAIMLER-PUCH, one of Austria's largest but financially troubled state-run industries, recorded losses of more than Sch 1bn ($775m) for 1986, Sch 4m more than the previous year.

The losses were described by the company's director-general, Dr Otto Voisard, as "the worst in our history".

Export earnings decreased by 4 per cent. Total turnover for 1986 *amounted to* Sch *12.6bn*, Sch 8bn of which were earned from the export market. For 1985 total turnover was Sch 15.3bn.

The company is expected to record further losses this year. Turnover for the first five months totalled Sch 5.1bn, Sch 600m less than this time last year.

The company, in which one of Austria's largest banks, the Creditanstalt Bankverein holds the major share, has been in trouble for some time. The two-wheel section *of the company was recently* sold off to the Italian firm Piaggio with the aim of concentrating on more profitable areas.

The main loss making sections include the lorry, tractor and four-wheel drive vehicles as well as the division specialising in military equipment.

Under recent legislation, Austrian companies are not allowed to export military equipment to certain countries. "Now we have to concentrate on the domestic market, for the moment", a *Steyr Daimler* official commented.

Esso AG lifts profits sharply

ESSO AG, the West German subsidiary of Exxon Corp, increased its profits last year to DM 307m ($170m) from DM 190m in 1985, due to a return to surplus of the oil refining and marketing sector, said Mr Thomas Kohlmorgen, managing board chairman Reuter reports from Hamburg.

He told a news conference that the refining and sales sector's profit last year was *DM 23* per tonne compare with a nine marks loss in 1985.

WEST GERMAN RUBBER GROUP BOUNCES BACK

Conti makes tracks into the US

BY ANDREW FISHER IN FRANKFURT

CONTINENTAL, the West German tyre and rubber company, had recently made it quite clear that it was gunning for General Tire. So the news that its $650m cash bid for the US manufacturer had succeeded this week came as little surprise.

After hauling itself out of the red in the early 1970s and into profit in the 1980s, Continental was ready to have a go in the US. Like several other large German concerns, it felt under-exposed in the world's largest free market and had plenty of money to invest. The D-mark was also strong.

The price paid by Conti is in line with the expectations of US analysts who had established a range between $500m and $700m. "The first reaction is to ask if it is too high," said Mr Juergen Giese, an analyst with Citibank in Frankfurt. "That is hard to say, but General Tire was a very good opportunity," he commented.

In the long term, he felt the move would be positive for Hanover-based Continental, which has just changed its full name from the unwieldy Continental Gummi Werke. The purchase of General Tire gives Continental a stronger position in the US and brings the company nearer to its goal of becoming a world concern in the tyre sector.

"Having publicised the fact that it wanted General Tire, Conti would have been upset if it had not got it," commented Mr Stephen Reitman, European motors analyst with UK stockbrokers Phillips and Drew. "The US has 40 per cent of the world's tyre demand and you have to be there," he said.

Conti was able to conceive such a bold step because it had built up its finances to an impressive level in the 1980s. Last year, net profits were 48 per cent higher at DM 114m ($63m) on virtually unchanged sales of DM 5bn. Net cash flow rose by 36 per cent to DM 412m.

Lower raw material prices helped, as did the buoyant state of the European motor industry. But the group also continued to reap the benefits of the productivity efforts it has been making ever since its problem years.

Mr Helmut Werner, 50, who took over as chairman five years ago, said the deal with General Tire gave Conti "a flying start" in its ambitions to expand in North America.

He added intriguingly: "I don't believe that with this transaction we have reached the final form of our company." But he gave nothing away about possible further growth plans.

It was under his predecessor, Mr Carl Hahn, who now heads Volkswagen, that Conti recovered from its losses of the early 1970s. He took the company into radial tyres and in 1979, Conti bought the European operations of Uniroyal of the US, a move which brought Mr Werner to the company. Two years ago, it bought the tyre operations of Austria's Semperit.

Helmut Werner: deal means "flying start" to US expansion

Conti also has a production link in Japan with Toyo Rubber. Its connection with General Tire, the fourth biggest US tyre company, began just over four years ago and now involves the local manufacture of some 300,000 tyres a year for Conti.

General Tire, which employs 10,000 people and has five plants in North America, came Conti's way because Gencorp had to sell assets to meet the $1.6bn cost of a takeover defence. Last year, General Tire earned net income of $40.3m on sales of just over $1.1bn.

Its business is split fairly evenly between tyres for new cars such as those of Ford and General Motors, and tyres made for sale under other labels. It has nearly 10 per cent of the US market.

One way of strengthening its presence that Conti did not consider was a brand new plant, which would prove even more costly. Michelin of France took this route a few years ago and ran into difficulties in a declining market.

Conti is continuing to keep its options open financially as well as operationally. Its DM 300m 'war chest' will not be broken open to help finance the purchase of debt-free General Tire.

Mr Horst Urban, the finance director, said Conti still wanted readily available cash resources, indicating that the US acquisition would be financed through share and bond issues. Last week's annual meeting approved some DM 1.2bn of such issues.

Two more US banks add to loss provisions

BY OUR FINANCIAL STAFF

FIRST REPUBLIC Bank of Dallas and Bank of New York have joined the growing list of US banks adding to their provisions for losses on Third World loans, following the lead set by Citicorp earlier this month.

First Republic Bank said it would make a special addition of $325m to its loan loss reserve in the second quarter, because of potential problems with $1.36bn in loans to less developed countries.

Mr Gerald Fronterhouse, president and chief executive, said the move would produce a loss of about $313m for the second quarter and a loss for the full year. The bank said it expects to report profits for the second half of 1987.

The provision includes $275m allocated specifically to reserves to loans extended to less developed countries and a $50m provision assigned to an unallocated reserve category available for those and other loans, including those in the bank's home state of Texas.

After the addition, total loan loss reserves will increase to about $1.1bn, or 4.4 per cent of total loans.

Bank of New York said its board approved a special addition of $135m to its allowance for loan losses, recognising "recent developments with respect to the international debt environment."

The bank said it expects a net loss of about $35m in the second quarter, which reflects the previously announced pre-tax gain of $49m from an asset sale, most of which will be used to add to the provision for loan losses.

The company's allowance for loan losses as of yesterday is expected to be $400m, representing 2.5 per cent of total loans. The company said it would continue its policy of reducing its exposure to economically troubled countries.

GVA moves to boost links with Norway

BY SARA WEBB IN STOCKHOLM

GÖTAVERKEN Arendal (GVA), the Swedish state-owned offshore technology company, has agreed to buy a 13 per cent stake in Kvaerner, the leading Norwegian engineering group, for about SKr 300m ($48m) as part of plans to strengthen ties with the Norwegian offshore industry.

GVA considers Norway to be one of its most important markets and the deal is intended to increase its chances of co-operation with Kvaerner in the offshore industry in view of the development of Norwegian oil and gas fields.

Just over 50 per cent of Kvaerner's business is connected with the offshore market. Its industrial activities include hydropower, gas power and other energy-related areas.

GVA said there could be some co-operation on this side with its sister company, Gotaverken Energy Systems.

Kvaerner and GVA have co-operated before on various technical engineering projects, most recently in the Brage field. GVA said its annual sales to Norway varied between NKr 30-50m and NKr 500-600m depending on whether it had won any contracts for semi-submersible platforms.

GVA bought an 8 per cent stake from Vesta, the insurance company, and a further 5 per cent from Elkem, the metals group.

Elkem earlier tried to acquire a substantial stake in Kvaerner but, according to Kvaerner, Elkem is prepared to sell a further 10 per cent of its holding in Kvaerner and retain 20 per cent of the shares.

Götabanken to sell off two subsidiaries

BY OUR STOCKHOLM CORRESPONDENT

GÖTABANKEN, Sweden's fourth largest publicly quoted commercial bank, agreed yesterday to sell two of its subsidiaries – Gigab and Merkantil Leasing – to Gota Group, its holding company, for SKr 730m ($114.3m). The sale forms part of its plans made last December to create a new banking and financial services group.

The new holding company, Gota Group, controls 75 per cent of Gotabanken and Wermlandsbanken, a smaller regional bank, while other business areas include investment banking, finance companies, long-term finance, trust operations and asset management.

Gigab, which was Gotabanken's mortgage lender, will now form the basis of the Gota Group's long-term finance operations including housing finance and long-term lending to industry.

Merkantil Leasing is a finance company which the Gota Group plans to merge with its two others, B&B Factoring and B&B Leasing, to create a concern which would rank as the fifth or sixth largest in the sector.

Company Notices

INTERNATIONAL CAPITAL MARKETS

Anadolu Endustri agrees to debt consolidation deal

BY DAVID BARCHARD IN ANKARA

ANADOLU ENDUSTRI, Turkey's fourth largest industrial group, which manufactures products ranging from beer to trucks, signed an agreement yesterday with Turkiye Is Bankasi to consolidate total debts of TL 45bn ($52m) in the country's most serious industrial financial crisis for many years.

The group still has an estimated TL 105bn outstanding to another 26 banks, the attitude of which may be crucial in determining whether the group manages to survive.

Anadolu Endustri Holding (AEH), which was founded 30 years ago by Mr Kamil Yazici, is regarded as one of the best managed large Turkish industrial groups. Its current problems stem from several causes, including government moves against the beer industry soon after the 1983 elections (in which Turkey's two leading brewers both backed opponents of the ruling Motherland Party); a slump in the local truck market; and problems with its foreign trade company.

"I think that the banks will be broadly sympathetic to AEH" said the general manager of one Istanbul bank yesterday. "It still has substantial assets."

The agreement reached with Is Bankasi yesterday is believed to give the group five years to repay its debts at a rate of 50 per cent a year—a substantial reduction from the original terms.

However, the other banks will now have to begin their own negotiations with the group.

In Turkey's still embryonic and highly nervous bond market, there is considerable concern about the fate of bonds issued by AEH.

Yatirim Finansman, a bonds house with a large Is Bankasi stake, has TL 12bn in AEH bonds, while Interbank has TL 2bn and Iktisat Bankasi TL 4bn.

Holders of these may be in a difficult situation. Mr Erol Aksoy, the deputy chairman of Iktisat Bankasi, said yesterday: "we have not guaranteed anyone that we would buy corporate bonds back. We have a repurchase programme but only on treasury bills and government paper."

Turkish banks have been selling corporate bonds for little more than three years. A crash in 1982 killed off what had been a lively market and any failure now might seriously retard the long overdue development of Turkey's money markets.

Arthur Fuerer—decision was entirely voluntary

Chairman resigns at Bank Leu

MR ARTHUR FUERER, chairman of Bank Leu, the Swiss bank mentioned in the Guinness share trading scandal, has resigned.

His decision had been taken for "personal conclusions" and was entirely voluntary, Mr Hans Knopfli, the bank's chief executive, said.

The board of the bank deplored Mr Fuerer's departure and announced that he would stay in his job until the annual general meeting next March.

The oldest and smallest of Switzerland's big five banks, Bank Leu disclosed that it held a stake of about 5 per cent, or 41m shares, in Guinness after the British drinks group's battle last year to take over Distillers.

Part, at least, of these shares had been acquired against a commitment by two Guinness directors to indemnify the bank against losses.

Mr Fuerer was himself at the time a Guinness director and friend of Mr Ernest Saunders, Guinness' former chief executive. They had known each other when Mr Fuerer was chief executive, and Mr Saunders a general manager of Nestle, the Swiss foods group.

Bank Leu has consistently denied that it acted illegally in the Guinness affair and has apparently convinced the Swiss Bank Commission of its innocence.

Trading halted in bonds of Norwegian defence group

BY KAREN FOSSLI IN OSLO

OSLO BOURSE yesterday suspended trading in five outstanding bonds issued by Kongsberg Vaapenfabrikk (KV), the Norwegian defence contractor, after the company stopped paying interest and instalment payments on two loans to Norwegian Banks.

The bourse authorities' action came as no surprise, and was consistent with the Norwegian Government's refusal to provide guarantees for the loans or to make good on them through funds from state coffers.

KV was due to pay 10 per cent interest on a loan from Den norske Creditbank (DnC) which has NKr 52m ($7.7m) outstanding. That loan was drawn in 1980 and runs until 1997. KV was also due to pay Landsbanken 12½ per cent on a NKr 89m outstanding loan. That loan was implemented in 1981 and runs until 1998.

Mr Per Roeste, an executive of the Oslo Bourse, said yesterday that a letter had been sent to the three banks calling for a meeting of bond holders to decide what course of action should be taken.

US tax treaty action 'calculated decision'

BY STEPHEN FIDLER

THE DECISION by the US to terminate its tax treaty with the Netherlands Antilles was being depicted yesterday as a calculated decision which senior US Treasury staff knew would have a significant impact on Eurobond issues by US companies.

That would suggest that hopes being expressed yesterday in the Eurobond market in London — that hte Treasury would soften the blow to Eurobond investors in some way—were not well founded.

"The Treasury understood the Eurobond market's problem but felt it did not have any options available except to terminate the treaty." said Mr eLs Samuels of Cleary, Gottlieb, Steen and Hamilton, the New York international law firm.

The expectation is that there will be an intense lobbying effort—not least by the Netherlands Antilles Government whose economy will be severely hurt by the move—to persuade Congress to pass legislation to ameliorate the impact on Eurobond issues by US corporations.

But there are few hopes that the effort will be successful, in part because US corporate issuers wil lthemselves be among the main beneficiairies of the decision.

The move menas that US corporations which use a Netherlands Antilles finance subsidiary to issue Eurobonds before July 1984 will, after the year-end, haev to pay 30 per cent withholding tax on the transfers of interest payments to the Antilles — a process known "grossing up."

However, the majority of these Eurobonds have provisions which provide for an early call of the bonds, either at par or at a premium, if the tax regime changes.

Many of these bonds were issued in the early 1980s at coupon rates far above current levels and have been trading way above their issue prices.

Investors, many of whom are in Switzerland and, ironically in the US itself, are grimacing at having their high coupon bonds called. Yet US companies may well be rubbing their hands at the prospect (except, that it, for businesses such as Texaco, whose finance companies have recently filed for bankruptcy and moy not be able to cal lthe bonds).

"This may be a good thing for American companies in the short term, but bad in the long term," said a senior executive at one US investment bank.

His view, and that of a number of other American investment bankers, was that the move would jaundice the attitudes of Euro-investors to US issuers. Any attempts to re-finance the bonds at lower coupons might have to be restricted to the US domestic market, because such issues might be poorly received in coming months in the Eurobond market, they said.

Intense lobbying is expected over the axeing of the tax treaty, not least by the Netherlands Antilles Government whose economy will be severely hurt

However, the prospect of "grossing up" on a 14 per cent coupon is unlikely to be one that many corporate treasurers could justify to shareholders.

Mr Stephen Hood, a partner with Clifford Chance, the London law firm, said: "A company has three options: to gross up its payments to the Antilles subsidiary, to redeem the bond by buying them into the market or to call them. If they don't redeem, they are stuck with a substantial increased cost on the payments necessary."

As a result, most issues were trading in the secondary market yesterday at prices close to that implied by the call.

The worst hit sector of the market was that in zero coupon bonds, of which there is an estimated $12bn face amount outstanding. The hardest hit was a $350m issue for J. C. Penney, the US stores group, maturing in 1994; the price of $1,000 face amount of bonds fell by $140 to $395.

The talk in the market yesterday was that a number of US securities firms were most heavily exposed to this zero-coupon sector — providing another chapter to the litany of losses which have been experienced by the American securities firms in recent months.

The Treasury action provides another disturbing precedent. By taking the step, the Tresury is, in effect, applying retroactive legislation to the capital markets. something US policy has tried to avoid in the past.

"The Treasury has taken the position that US tax policy takes precedence over these other capital markets issues," said Mr Samuels.

The concern of the Treasury was that the Antilles was being used by US residents and non-residents as a way of evading tax. It wanted an exchange of information on securities markets which the Antilles authorities were unwilling to provide.

The negotiations between the two sides were also said to have been overlaid with feelings of animosity which did not help the smooth passage of the talks.

Little new issue activity as move distracts market

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

THE EUROBOND market saw scattered new issuing activity yesterday as many participants were preoccupied with the implications of the US decision to end its tax treaty with the Netherlands Antilles.

There were no new issues in the dollar sector, which generally had a firmer tone with the notable exception of issues affected b ythe US move. Sterling bonds were also aided by a firmer gilts market. The Canadian dollar provide dthe focus for new issuing activity.

United Breweries, the Danish group which brews Carlsberg and Tuborg, made a C$50m issue led by Morgan Guaranty. The 10-year issue, with a 10 per cent coupon and price of 101, had a margin over a 1996 Canadian Treasury issue at launch of 64 basis points net of fees, and met a reasonable reception.

Later, **Sumitomo Bank Capital Markets**, a US subsidiary of the Japanese bank, made a C$100m issue led by Sumitomo Finance International. The bonds have a five-year maturity and are priced at 101⅛ with a 9¾ per cent coupon.

Mitsui Bank Canada made a C$10m issue without the parent's guarantee. The issue, however, was believed to be the first subordinated debenture issue for a Japanese bank subsidiary. Led by Mitsui Finance International, it has a five-year life, a 9.6 per cent coupon and a price of 98 per cent.

Westpac Banking led its first Eurobond issue, a A$50m bond for **Berliner Bank**. Despite recent heavy supply in the sector, the deal was well received. It had a three-year life and was priced at 101½ with a 14 per cent coupon, and by late in the day it was bid ½ point below issue price, well within tis fees.

In West Germany, **Hoogovens**, the Dutch steel group, made a DM 150m issue led by Deutsche Bank, for six years with par pricing and a 6⅛ per cent coupon. Though it eased from opening levels, the bond was bid 1½ points below issue price, still well within the total fees.

D-Mark bond prices were little changed in quiet business, though they eased briefly in reaction to US economic data.

In Switzerland, a SFr 150m issue was launched for **Oesterreichische Kontrollbank**, with the guarantee of Austria, by Wirtschafts-und Privatbank. The 10-year bond was priced at 100½ with a 4¾ per cent coupon.

Ishihara Sangyo, a Japanese agricultural chemicals company, is raising SFr 120m through a convertible private placement led by Swiss Volksbank, with a five-year life and indicated coupon of ½ per cent.

The Swiss market was narrowly mixed

$130m loan reschedule for UAE state

SEVENTEEN BANKS have agreed to reschedule $130m of loans owned by the troubled state of Sharjah, a member of the United Arab Emirates, whose financial difficulties were mainly responsible for a power struggle in June within the Al-Qassimi ruling family, **Richard Johns** writes.

They relate to two loans syndicated by Wardley Middle East, a member of the Hong Kong Bank Group, which was a major participant in the loans, bankers in London said yesterday.

Maturities have been stretched from 1991 to 1993 as a result of an agreement which was being negotiated before the attempt to depose the ruler of Sharjah, Sheikh Sultan bin Mohammed al Qassimi by his full elder brother Sheikh Abdel-Aziz.

Sharjah's external debt is variously estimated at anything from $1bn to $1.4bn.

Sharjah, a minor producer of oil and gas, was heavily hit by the fall in oil prices especially last year.

Sheikh Sultan was accused by Sheikh Abdel-Aziz and other members of his family of financial mismanagement but confirmed as ruler of Sharjah after intercession by the Supreme Council of the UAE, a body composed of the heads of the seven member states.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on June 30

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Three Tan Koon Swan companies lose $138m

By Our Kuala Lumpur Correspondent

THREE SUSPENDED publicly listed companies controlled by Tan Koon Swan, the Malaysian businessman and politician now serving a prison sentence in Singapore, yesterday announced extraordinary losses totalling 345m ringgit (US$138m), arising from the 1985 collapse of Pan-Electric Industries.

The biggest extraordinary loss of 242m ringgit was taken up in the accounts of Grand United Holdings (GUH), Mr Tan's master company, while a 91m ringgit extraordinary loss was incurred by Everpeace and another 30.5m ringgit loss by Supreme Corporation.

In statements accompanyng their year-end results for June 1986, the three companies said the extraordinary items "comprise mainly provisions having to be made in the diminution in value of investments in subsidiaries and associated companies caused by events subsequent to the Pan-Electric crisis."

Pan-Electric, the Singapore marine salvage, engineering and hotel group, collapsed in December 1985 with more than S$400m (US$188m) of debts.

Mr Tan, former head of the Malaysian Chinese Association, the Chinese partner in the Malaysian coalition government, was jailed for two years for his role in stock market manipulation leading to the Pan-Electric collapse.

The crisis led to a three-day closure of the Singapore and Malaysian stock exchanges, and share values plunged on their re-opening.

Taking into account the extraordinary losses, the net attributable loss of GUH came to 242m ringgit for the year; that of Supreme was 88.7m ringgit and that of Everpeace was nearly 100m ringgit.

Perwira Habib Bank $267m in red

BY WONG SULONG IN KUALA LUMPUR

PERWIRA HABIB BANK, the seventh largest Malaysian bank, yesterday published its results for 1984 and 1985 which showed total losses of 673.6m ringgit (US$ 267m) due to bad and non-performing loans.

Gen Zain Hashim, a retired former army chief who took over as chairman of the bank last year, attributed the huge losses at a news conference to the incompetence of "half-baked staff and senior employees." The bank has lodged police reports against several former senior executives.

To rescue the bank, the monetary authorities injected 600m ringgit earlier this year. This comprised 300m ringgit in a rights issue of which 200m ringgit was taken up by Bank Negara, the central bank. The other 300m ringgit was in the form of a soft loan given by Bank Negara.

The central bank now holds 49.4 per cent of PHB's enlarged paid-up capital of 405m ringgit. The Armed Forces Co-operative Fund has 36.7 per cent, Sharikat Permodalan Kebangsaan, a Malay investment group 7.7 per cent, and the Habib Bank of Pakistan 6 per cent.

Gen Zain said that with the injection of ne capital, implementation of an intensive loan recovery programme and an extensive management overhaul, the bank hoped to return to profitability this year.

The bank was formed in 1975 through a restructuring of Pakistan's nationalised Habib Bank's Malaysian branches. At the end of last year, it had assets of 1.42bn ringgit and outstanding loans of 1.7bn ringgit.

● Shareholders of Sabah Bank, the ailing East Malaysian bank, have agreed to a rescue package that would see Bank Negara inject more than 100m ringgit (US$40m) to acquire a stake of just below 63 per cent.

The central bank is to take up most of the rights issue of 110m ringgit approved at Sabah Bank's annual general meeting in Kota Kinabalu earlier this week.

Sabah government agencies will end up with about 33 per cent of the enlarged capital of 169m ringgit, with individuals holding the remainder.

Sabah Bank was set up in 1979 and is believed to have incurred losses of between 100m and 120m ringgit.

Most of the losses were incurred because of bad and non-performing loans made to businessmen and politicians connected with the previous state government and because of the recession in the timber and building industries.

To allay state sensitivities over its control, Bank Negara is believed to have assured the Sabah government that the bank would be run by professionals acceptable to the state, which would also be given the option to buy back the shares, once the bank is profitable.

Koor blames government for dismal result

BY ANDREW WHITLEY IN TEL AVIV

KOOR, Israel's leading industrial group, has severely criticised what it says have been the highly detrimental effects on local industry of the government's economic policies, as reflected in its own dismal performance last year.

Mr Yeshayahu Gavish, managing director, said the group's results — whose announcement coincided with today's second anniversary of the government's July 1985 recovery programme —represented the "heavy sacrifice made by industry on the altar of national economic stabilisation."

The diversified, trade union-owned group announced on Monday 1986 after-tax profits down to Shl 35m ($23m), adjusted for inflation, on a gross turnover of Shl 3.6bn ($2.4bn). This represented a return on equity of just 3.6 per cent.

In 1985, an equally difficult year, though for different reasons, Koor reported US dollar earnings of $26m. Comparisons are complicated by changes in government-prescribed accounting requirements, and by Koor's decision this year to switch from dollars to an inflation-adjusted shekel basis.

High domestic financing costs, and the frozen foreign exchange rate against the US dollar were cited by Koor as the principal factors responsible for Israeli industry's poor performance last year and its barely changed outlook

With its 240 subsidiaries participating in almost every sector of the Israeli economy, Koor is widely regarded as a reliable barometer of the state of the country's industrial and financial life.

JSE suspends Wit Nigel

BY JIM JONES IN JOHANNESBURG

THE JOHANNESBURG Stock Exchange (JSE) has suspended trading in the shares of Wit Nigel, the small gold mining company, to block a transaction which some shareholders believe was designed to entrench the existing control of the company.

In April, Mr Peter George, Wit Nigel's chairman, survived an attempt by a group of dissident shreholders to unseat him and his board appointees. His handling of the vote was sharply criticised by the JSE as he refused to accept votes against him by Swiss shareholders and used proxies to reverse votes of US shareholders who favoured his removal from office.

The latest deal was struck with Mr Joe Berardo, a Johannesburg mining promoter, who was to receive a new issue of 1.99m Wit Nigel shares in exchange for 402,000 shares in Consolidated Modderfontein or 3.2m shares in Springs-Dagga, two gold mines managed by the Golden Dumps mining group.

Mr Berardo and his companies have minority interests in Springs-Dagga and Consolidated Modderfontein and have no part in the management of the mine.

The share exchange transaction, which has now been blocked by the suspension of trading in Wit Nigel's shares, would have given Mr Berardo a 15 per cent interest in Wit Nigel and would have allowed him to vote at the annual general meeting which is due in late July and at which new attempts will be made to oust Mr George.

Wit Nigel has operated unprofitably for several quarters and is kept afloat by infusions of state aid. The mine's operating loss was reduced in this year's March quarter by concentrating on mining pockets of relatively high-grade ore and by sharply reducing development expenditure.

Last week the government tabled legislation in parliament designed to terminate state assistance to marginal gold mines by 1988.

Matsushita Electric down

BY YOKO SHIBATA IN TOKYO

MATSUSHITA ELECTRIC Industrial, the big Japanese consumer electronics group, has reported consolidated results for the fiscal transition period covering the four months and 11 days to March 31 1987. Consolidated net profits totalled Y47.37bn ($332.7m), a fall of 28 per cent compared with approximate results for the corresponding period last year.

Matsushita said the continued escalation of the yen's value had a major negative impact on its results. Sales totalled Y1,482.4bn, down about 6 per cent

For the current year to March 1988, Matsushita expects consolidated net profits at Y146bn, up 2 per cent, on turnover of Y4,520bn, also up 2 per cent from the previous year.

UK COMPANY NEWS

Trafalgar buys Ellerman Lines to boost cargo division

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

Trafalgar House yesterday announced the acquisition of Ellerman Lines for a total of £36.7m. Ellerman will be merged with Trafalgar's Cunard cargo division to create a container shipping company around half the size of Peninsular and Oriental Containers, the British market leader.

Trafalgar is issuing 9.233m shares to raise £35.1m, plus £1.6m by way of an issue of unlisted, unsecured loan stock. The purchase price for Ellerman's share capital is £24.1m, in addition to which Trafalgar is raising £12.6m to repay part of the company's outstanding debt, and to cover expenses.

The group said 5.483m shares had been placed with institutional investors by Kleinwort Benson at a price of 383p, a slight discount to the closing price of Trafalgar shares yesterday.

The remainder of the shares —3.750m—are being retained by the vendors, a group of five executive directors and 10 institutions which bought the company from hoteliers David and Frederick Barclay two years ago.

No price was revealed for the buy-out, but it was believed to have exceeded £10m. The five directors held 30 per cent of th shares, but their holdings were not equal.

Mr Anthony Cooke, chairman of Ellerman and deputy chairman of Cunard Ellerman, refused to say how much the directors would receive from the sale.

"We are quite satisfied with the capital profit we have made not only for ourselves as managers, but for the institutional shareholders, and the institutions are satisfied as well," he said.

Mr Alan Kennedy, managing director of Cunard, and chairman of the combined company, said the acquisition of Ellerman would help Cunard's container services to compete through economies of scale.

He said Cunard judged the time strategically right for expansion in view of indications that the container market was picking up, particularly in the important Far East market.

There were no further acquisitions in prospect, however. "You have got to digest what you have got before you go on to the next course, otherwise you get indigestion," he said.

Cunard Ellerman will have a combined fleet of 21 container ships, though not all are wholly owned. The merged companies also have compatible interests in a number of trades, notably in the Australian, Mediterranean and Middle East Trades.

Analysts said major savings should be possible through rationalisation of administration and head office facilities, as well as integration at the operating level.

Dairy Farm success in Kwik-Save offer

BY NIKKI TAIT

Dairy Farm International, the Hong Kong-based food retailing, manufacturing and wholesailing group, looks to have succeeded with its £147m partial tender offer for a 25 per cent stake in Kwik-Save, the UK discount food retailer.

Robert Fleming, which handled the tender for Dairy Farm, said last night that they believed the offer had been over-subscribed and that applicants will probably be scaled down. The initial count suggested that half of the shares which investors applied to sell would probably be accepted. A full announcement will be made this morning.

Dairy Farm — where Hong Kong trading house Jardine Matheson currently owns a 35 per cent interest which will now be boosted to 39 per cent — held 3.47 per cent stake in Kwik-Save ahead of the tender.

The 450p-a-share offer was for a further 21.53 per cent; Dairy Farm has said that it does not plan to increase its stake for another 12 months but does not rule out a full bidd longer-term.

The partial tender move was opposed by north Wales based Kwik-Save, which maintained that Dairy Farm was effectively gaining substantial control via a "back door route." The stake, it argued, could adversely affect the board's flexibility if a bid—from anywhere—arrived in the future.

However, a number of analysts argued that the price offered was extremely fair. It puts Kwik-Save on a prospective PE of around 22, and compares with 270p in mid-April, before the shares started a sharp rise —partly fuelled by bid speculation.

Yesterday, Kwik-Save shares eased 2p to 408p.

Acquisitions boost WCRS profits

BY JANICE WARMAN

WCRS Group, the fast-growing advertising agency and communications group, has almost quadrupled its pre-tax profits to £10.1m after a string of acquisitions in the US.

Turnover for the year to April 30 rose to £358.6m, with £267.4m coming from the US, and £91.2m from the UK, compared with last year's UK contribution of £56.1m.

WCRS bought three advertising agencies during the year, one in the UK and two in the US. It also acquired two design businesses in the UK and purchased 20 per cent of the TV production company Crossbow Films.

Since the year end it has acquired the loss-making Ball Partnership of the US, a group of advertising and related businesses, two Australian companies, Garland Stewart and Roache and Lunn Dyer, and the US medical advertising group Robert A. Becker.

Mr Peter Scott, group chief executive, said the group had made enormous strides towards its goal of becoming a leader in the worldwide marketing communications business.

A break-down of the profit figure shows advertising at £8.09m, public relations at £1.32m, design at £900,000, sponsorship at £317,000 and a loss of £518,000 for the group's other activities.

The UK operating profit growth of 14.5 per cent from £2.59m to £2.97m masked underlying organic growth for the UK agencies of 37 per cent, he said. The US produced a first-time contribution of £6.84m.

Undiluted earnings per share rose from 18p to 36.2p and fully diluted stood at 34.3p. A final dividend of 4.4p makes a total for the year of 6.25p (4.25p).

● comment

WCRS has come through the double-hiccoughs of its rights issue and the resignation of its co-founder Ron Collins to produce profits which beat its own forecast and after an initial hesitation impressed the market and pushed its shares up 14p to 719p. Respectable organic growth in the UK was masked by start-up costs and eclipsed by the American contribution. But the feel of the reorganised group is good and, given that this financial year is unlikely to see acquisitions on the scale of last year, the market expects around £16.5m next time, which gives earnings of 40.4p and a prospective p/e of about 17.8. That is a slight discount to comparable stocks, and making the shares good value, given the prospects of an impressive and ambitious group.

Shares in Ernest Jones soar after bid approach

BY CLAY HARRIS

SHARES IN Ernest Jones, retail jewellers, soared by 68p to 223p yesterday after a bid approach, widely believed to be from Ratners (jewellers), by far the largest stores group in the sector.

Ernest Jones and Ratners were meeting with their respective advisers yesterday and were unavailable to confirm that Ratners was mounting another effort to increase market share by acquisition only a month after conceding to Next in the battle for Combined English Stores.

Yesterday's closing price puts a market value of £22.3m on Ernest Jones, which operates about 60 jewellery shops. A bid at that level would value the company at 80 times 1986-87 earnings based on the £450,000 pre-tax profit forecast by Shearson Lehman, its stockbroker.

On the broker's forecast of £1m pre-tax for the year to next March, its shares stand at 32 times prospective earnings.

The prospect that Ratners was the suitor drew an immediate attack from Goldsmiths Group, the smaller jewellery retailer, which had opposed the Ratners bid for CES.

Mr Jurek Piasecki, Goldsmiths chairman and chief executive, disclosed that he had approached Ernest Jones during the CES battle to suggest a friendly link between the two jewellers which together have less than 3 per cent of the UK retail market. Ernest Jones did not follow up the approach.

He also said that Ernest Jones had participated with Goldsmiths and Hinds, another small chain, in a submission to the Office of Fair Trading opposing any increase in Ratners' market share by acquisition rather than organic growth.

Although industry estimates gave Ratners, which includes H. Samuel, a little more than 12 per cent of the UK market in 1985-86, Goldsmiths argues that the figure in the pure jewellery business would be much higher.

"I can't see how they can see any chance of getting it through when the person who's being bid for has said that any increase in (Ratner's) market share would be to the detriment of the consumer," Mr Piasecki said.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
W. Alexander	2.75	—	2.25*	4.25	3.5*
Anderson Strathclyde	3.66	—	2.72	3.66	2.72
Fuller, Smith	3.3	—	2.6*	5.1	4.1*
GEC	3.2	—	2.9	5.3	4.3
Hewetson‡	1.7	Oct 1	—	1.7	—
Illingworth Morris	2.75	—	2.25	4	3.5
KLP Group ...int	1.8*	Aug 21	1.5	—	4
Lister	2.5	—	1	3	1
LPA Industries‡ ...int	1.4	Aug 7	1.4	—	3
Mercury Intl	7	—	—	10	8
Benjamin Priest†	0.38	—	0.3	0.5	0.3
Rowe Evans	1.2	July 31	1.5	1.2	1.5
Sound Diffusion	0.6	—	0.5	0.6	0.5
Television South ...int	3.5	—	3	—	10
Thomas Warrington	nil	—	1	nil	1
WCRS†	4.4	—	3	6.25	4.25

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market.

EGERTON TRUST, the health care, retirement homes and property group, is to acquire the entire share capital of Brighton-based property group, City Estates Management. CEM's principal assets are a 75,000 sq ft office development and a 12,000 ft office building.

CAP GROUP has purchased Baddeley Associates, a Cambridge-based information design consultancy, for £3.1m in new ordinary shares.

UK COMPANY NEWS

GEC eases to £668m but ahead of estimates

BY TERRY DODSWORTH

The General Electric Company Britain's largest manufacturing employer, yesterday disclosed a 4.7 per cent fall in pre-tax profits last year, but gave a cautiously optimistic assessment of the group's prospects this year.

Mr James Prior, chairman, said that although last year's outcome was less favourable than the company would have liked, many of the factors which adversely affected its performance were now behind it. He revealed a 23 per cent increase in the dividend to 5.3p a share after a recommended final of 3.8p.

Pre-tax profits amounted to £668m in the year to the end of March against £701m in the same period a year ago. These figures included an exceptional charge of £24m to account for the winding up of the development work on the Nimrod early warning aircraft programme, a Ministry of Defence contract which GEC lost last year.

Before the exceptional item, profits were down by 1.7 per cent to £692m from £704m, but there was a smaller contribution from the sale of equities, which amounted to £4.4m against £34.4m in the previous year. After accounting for the one-off disparities of Nimrod and the lower equity sale profits, "the group could show

Lord Weinstock, chief executive of GEC

an improvement in underlying profitability. That is a notable achievement and, I believe, unrivalled in our sector," said Mr Prior.

The figures, which also showed sales marginally down at £5.247bn against £5.253bn, were slightly better than market estimates and the shares rose 5½p on the result to 247p. Earnings per share amounted to 15.8p, down from 16p a year ago.

Among the divisions, electronic systems and components, which includes the Marconi defence activities, showed a 4 per cent decline in trading profits to £198m from £260m, partly because of difficulties in the radar activities. Telecommunications and business systems, however, achieved a 12 per cent increase in trading profits to £94m from £84m in the previous year, the result of increasing sales of the System X public telephone exchanges.

Medical equipment also produced a larger contribution, generating profits of £26m against £22m, but profits fell in the power generation operations to £50m from £58m. Exports amounted to £1.29bn against £1.28bn, while the total order book was virtually static at £6.05bn compared to £5.96bn. The group's celebrated cash mountain rose to £1.7bn from £1.5bn.

Mr Prior added that the first six months of the current year had been spent refocusing and realigning the business. "We continue to seek opportunities to strengthen our position in international markets by acquisition, joint ventures and other forms of collaboration as well as through organic growth and the combination of our marketing and research and development expertise," he said.

See Lex

Preference placing by Beazer for £50m

By Nikki Tait

C. H. Beazer, the acquisitive building group which halved a planned £80m American Depository Receipt issue two months ago in the face of institutional opposition, announced yesterday that it will raise £49m via a placing of preference shares.

Major funding through preference share issues have been rare recently, largely because of the problems of locking into high interest rates. However Mr Matthew Thorne, Beazer's finance director, maintained yesterday that while the preference share issue was partly a response to the scaled-down proceeds from the ADR listing, "I suspect we would have done it anyway."

Beazer's decision to halve the ADR issue came in the wake of institutional concern about pre-emptive rights.

Beazer's new preference shares are not convertible, so there is no question of dilution. However, Mr Thorne stressed that Beazer also sees the present climate with interest rates having fallen and Corporation Tax down as conducive to preference share fundings.

Its advisers, County NatWest which handled the placing together with L. Messel, added that there was healthy interest in the issue and suggested that others might be stimulated by the Beazer move. Last Friday, European Home Products used a much smaller preference share issue to help fund the acquisition of Scholl.

The issue, which requires shareholder approval, involves 50m cumulative redeemable preference shares, with a dividend rate linked to the yield on 13½ per cent Treasury 2004/08 stock.

They will be redeemed at par in July 2007. The dividends will be set according to a formula based on the gross redemption yield of the 2004/08 stock on the day before dealings start, expected to be July 24. On the basis of Monday's yield, the dividend would be payable at a fixed rate of 8.56 per cent per annum.

The proceeds will be used to reduce borrowings. Gearing now at more than 50 per cent, according to Mr Thorne, and will come down to about 33 per cent.

Beazer shares shed 4p to 261p yesterday.

David Lascelles looks at a City banker's call for £131m

Mercury goes on a rising trend

PEOPLE HAD been predicting for some time that Mercury International Group would need to raise more capital if it wanted to compete in the big bad world of international finance. And now it has happened.

The £131m rights issue announced yesterday will raise the group's disclosed capital resources to more than £675m.

The significance of this, as Mercury was keen to point out, is that it puts the group on a par with First Boston, one of its main competitors on Wall Street, in terms of book value and market capitalisation. This still leaves it a long way behind the US giants, Salomon and Merrill Lynch, however.

It also, for the record, confirms Mercury's position as the largest of the London-based merchant banks in terms of shareholders' funds with £513m, putting it ahead of Morgan Grenfell with £371m and Kleinwort Benson with £364m.

The rights issue comes on the heels of last year's $200m floating rate note issue and the proceeds of £3 m from the recent flotation of the group's fund management subsidiary. This means, that altogether, Mercury will have added £250m to its capital over the last 12 months.

As is customary for banks on such occasions, Sir David Scholey, the chairman, dismissed suggestions that Mercury faced any pressure from the Bank of England to reinforce its balance sheet.

"We have no immediate need for capital," he said. "But there are a number of opportunities we can see not far away."

The fact is that Mercury is in the very thick of all the changes that are taking place not only in London with the Big Bang, but on the global financial markets with the development of international banking and world trading.

In the UK, Mercury has now successfully amalgamated its stockbroking and jobbing subsidiaries (Rowe & Pitman and Mullens, and Akroyd & Smithers), and has emerged as one of the largest of the new integrated groups forged by the Big Bang.

This amalgamation is being marked by the group's proposal to drop the neutral name of

Sir David Scholey, chairman of Mercury International

Mercury and revert to S.G. Warburg, the name of the merchant bank round which it is built.

The bulk of the £98m profits before tax and after transfer to inner reserves announced by Mercury yesterday (up from £91.8m in 1986) came from merchant banking and securities operations.

Sir David acknowledges that "a fair wind" has helped waft Mercury through Big Bang: the equity markets have been strong and the gilts market operation is yielding some profits, even though conditions are highly competitive.

The latest accounts contain a £12m charge against reserves for the once-for-all costs of preparing for the Big Bang, but the total cost charged against earnings is several times that figure, Sir David said.

However the capital requirements for groups like Mercury have yet to be fully established by the regulatory authorities.

The Securities and Investments Board will shortly be publishing its capital rules for securities trading, and the Bank of England will be setting capital requirements for off balance sheet activities.

Mercury is active in both these areas: half its £12.5bn balance sheet now consists of securities positions. It does not publish figures on its off balance sheet commitments, such as swaps and forward transactions in foreign exchange. Sir David said he did not expect the new rules to have a heavy impact on the group.

"We don't expect to be disadvantaged," he said. "And on balance we'd prefer to see more conservative than more sporting capital structures."

Abroad, the twin focuses of Mercury's growth are Tokyo and New York, the world's two other leading financial centres.

Sir David said that both were operating profitability. This might seem surprising in Tokyo where the costs of Warburg's membership of the Stock Exchange are huge, but Sir David recalls that Warburg has been active in Japan for 25 years and has built up a good business in that time.

In the US, the group is also developing its investment banking business, and intends to become a primary dealer in the US Treasury band market. But Sir David is in no hurry; "It may take two years," he said. A venture is also being planned for Canada.

Outside the securities business, Mercury's important sources of profit include fees from advisory work on mergers and acquisitions.

The group does not break these out, but it said it had advised offerors on deals worth £6bn in the UK, and offerees on deals worth £4.2bn. In addition, there were deals worth £2bn in North America and £2.9bn in the Far East. These exclude £6bn worth of deals done through Rowe & Pitman, the stockbroking arm.

Sir David said that the M&A business was becoming more competitive. But he did not believe that "relationship banking" was dying. "Understanding the client: that's the capital investment we make in our clientele."

Mercury Asset Management, of which Mercury has now sold off 25 per cent, reported profits of £22.8m, up from £14.1m last year. This compares with a forecast of £19.5m made at the time of the flotation in March.

The dividend will be a total 10p a share, up 25 per cent on last year's 8p. Sir David said that the new trading year has started well, and the group continues at a high level of activity.

HOW WARBURG MEASURES UP

	Market Capitalisation ($bn)	Book value ($bn)
Salomon	7.9	3.6
Merrill Lynch	4.9	3.0
First Boston	1.4	0.73
S. G. Warburg Group*	1.3	0.87

Source: S. G. Warburg Group

TV South jumps 68% to £11m

A 17 per cent increase in advertising revenue, against the industry average of 12.8 per cent, was mainly responsible for Television South's 68 per cent jump from £6.5m to £10.9m in pre-tax profits for the six months to April 30 1987.

Lord Boston, chairman, said that programme sales and distribution also contributed to the improvement. At the start of the second half advertising revenues had continued to move ahead.

Turnover in the period increased from £64.7m to £76.2m with programme and distribution costs up from £37.2m to £40.9m; other operating income amounted to £1.7m (£1.1m) and interest receivable to £1.9m (£1m). Administration expenses totalled £7.1m (£5.3m), Channel 4 subscription to £10.1m (£9.3m), IBA rental to £3.6m (£3.4m) and the Exchequer Levy to £6.5m (£4m).

The interim dividend has been increased from 3p to 3.5p.

● comment

Television South was feeling hard done by yesterday. Although its figures were way ahead of analysts' expectations its shares shed 5p to finish on 392p. The explanation, however lies in the uncertain future of British broadcasting, rather than anything peculiar to TVS, which is justifiably rather proud of its first half performance. True, the pre-tax figure was given a 500,000 boost by the decision to transmit the Nelson Mandella film in the second half, but the biggest factor in the company exceeding forecasts was its ability to take a bigger slice of the nation's advertising cake. That trend is likely to continue, although the pace of growth in TV advertising, which has propelled the shares of broadcasting companies in the last year, is now slackening. With cash in hand of approaching £30m TVS is well placed to take advantage of any opportunities it sees for expansion. A £500,000 first time contribution from the Gilson and Midem in the second half is likely to push full year pre-tax profits on about £18.5m. That puts the prospective p/e at about 13.4, a deserved premium to the sector. But the shares are unlikely to move much until the Government decides what it wants to do with broadcasting.

MAM's £23m exceeds its forecast

Mercury Asset Management, the group recently floated on the main market which its 75 per cent owned by Mercury International, yesterday announced pre-tax profits up from £14.1m to £22.8m for the year ending March 31, well ahead of the forecast of £19.5m made at the time of the flotation in March, writes Philip Coggan.

The group now has total funds under management of £21.2bn, a 62 per cent increase over a year earlier, with a large proportion consisting of UK pension fund portfolios. Forty new pension fund clients were gained during the year.

Since the year end, the group's Tokyo-based subsidiary, Warburg Investment Management Japan, has been granted a licence to provide discretionary investment management services in Japan.

Mr Peter Stormonth Darling, MAM's chairman, warned that the current favourable conditions would not continue indefinitely.

Operating profits were £24.45m (£12.51m) on turnover of £77.05m (£41.7m) and pre-tax profits were struck after adding other income of £553,000 (nil) and deducting interest payable of £2.19m (£1.56m receivable). Tax was £8.85m (£4.78m) and there was an extraordinary item of £3.44m (£2m).

Earnings per share were 24.6p (15p) on a pro forma basis and 30.2p (17.6p) on a historic basis. The company's first dividend will be at the interim stage this year.

UK COMPANY NEWS

KLP shows midterm advance to £0.97m

KLP Group, the sales promotion consultancy which last month obtained a full listing, lifted pre-tax profits from a restated figure of £753,000 to £973,000 on turnover up from £13.78m to £15.55m in the six months to March 31 1987.

Mr John Laurence, chairman, said that during the period prospects for growth had been greatly enhanced. The company declared an interim payment of 1.8p (1.5p).

He said that start-up losses had been incurred in the new direct-mail and telephone subsidiaries and these operations were now trading profitably.

There had been a growing contribution from the company's international division and many clients were now being handled on a multinational basis. In the past few months many new clients had been gained in the various trading companies throughout the group and these should provide the basis for continuing growth in the second half.

KLP's international division has been strengthened by the acquisition of Comart Associates, one of the largest sales promotion and audio-visual companies in the US. The acquisition represented a significant step in fulfilling the group's international ambitions and it had already heightened the group's profile on both sides of the Atlantic. The acquisition is being partly funded by a one-for-three rights issue which has raised about £8.1m. The balance will be used to fund future acquisitions.

Tax charges accounted for £310,000 (£283,000) and minority interests took £36,000 (£27,000). Earnings per share worked through at 9.35p (7.93p) or 8.26p (7.14p) on a fully diluted basis.

Lister jumps 53% to £3.3m

Lister & Co, the branded textiles group, announced pre-tax profits of £3.25m for the year ended March 28, an increase of 53.3 per cent on the previous year's £2.12m. Turnover, at £[illegible], was £[illegible] higher.

Directors are recommending a final dividend of 2.5p, making 3p for the year (1p). Earnings per ordinary share rose from 11.38p to 17.47p, an increase of 53.5 per cent.

● Joseph Hoyle & Sons, a subsidiary of Lister & Co, announced increased pre-tax profits of £521,025 (£381,366) and turnover of £7.2m (£6.44m).

Illingworth Morris moves ahead and passes £7.7m

Illingworth Morris, Bradford-based *manufacturer of wool* textiles, reported an increase from £6.18m to £7.72m in pre-tax profits for the year to March 31 1987. Comparisons have been adjusted.

The final dividend is raised from 2.25p to 2.75p net for a total up from 3.5p to 4p. Stated earnings per 20p share improved from 11.2p to 12.4p.

Group turnover from continuing operations was slightly lower at £85.2m compared with £85.64m. That from discontinued activities was £2.92m (£10.61m). External sales were down from £96.24m to £88.11m.

The pre-tax profit was after other income of £1.14m (£1.11m) and interest receivable of £95,000 (£407,000 payable). Tax took £2.55m (£1.52m).

During the year, the company's capital investment was in excess of £3.2m. An achievement during the year was the creation of a joint venture company with Asahi Chemical Industry, Japan's largest producer of synthetic fibres.

● **comment**

These figures from Illingworth Morris mark a key turning point for the niche textiles group—its finances are now in order and the management has been tuned up at both board (a new finance director should be appointed soon) and operating levels. The third phase of the Lewis strategy—selective add-on acquisitions by the continuing operations while the board searches for *something* more chunky in the £50m (cash only) region—is now under way. This year Crombie's ready-to-wear range will contribute for the first time; in 1986-87 some £750,000 once-off development costs were carried above the line, and the joint-venture in Japan with Asahi will also be up and running—possibly contributing as much as £250,000. And the pension holiday of £450,000 looks good for five years or so. This year £10m pre-tax should be achieved—which suggests that earnings will rise by a third. The shares at 211p are on a prospective p/e of 12¼, which seems about right for now.

W. Alexander seeks listing and hits £6m

MR RONALD ALEXANDER, chairman of Walter Alexander, Glasgow-based coachbuilder, *filtration and home products* group, yesterday revealed that profits for 1986-87 had risen to £5.72m at the pre-tax level, an improvement of 32 per cent over the previous year's £4.33m.

At the same time he said the company was seeking a full listing for its shares—currently, they are traded on the market made by Granville and Co.

The listing was expected to be obtained later this year. Robert Fleming & Co will be sponsor with Phillips & Drew as brokers in London and Speirs & Jeffrey in Scotland.

For the year to March 31 turnover expanded from £66.71m to £72.86m. Tax took £2.01m (£1.44m) to leave profits £816,000 ahead at £3.71m. Minorities added £176,000 (£198,000).

Earnings rose from 10.5p to 13.5p after adjusting for last year's one-for-one scrip and a final dividend of 2.75p raises the total by 0.75p to 4.25p.

The increase in profits was due in part to a much improved performance from the coachbuilding division. The general level of activity throughout the year was high.

Export activity continued strongly with Singapore, Hong Kong and Indonesia receiving over 300 body kits.

Mr Alexander said the coachbuilding division was well placed to increase its market share in the current year.

Group profits also received a considerable boost from the filtration division.

Benjamin Priest profit doubled

Benjamin Priest Group, drop forgings manufacturer, more than doubled its pre-tax profits from £1.11m to £2.47m on turnover ahead from £35.41m at £47.28m in the year to April 3 1987.

The directors propose a final dividend of 0.375p (0.3p), making a total for the year 0.5p—up from 0.3p last time. Earnings per share rose from 3.73p to 4.79p or from 1.24p to 2.15p on a fully converted basis.

Mr Christopher Walliker, chairman, reported that the group was well placed to develop and expand and was continuing to explore and examine opportunities for further acquisitions. Trading in the current year had started well, he added.

The year was marked by the development of the group's strategy to widen its base and activities. During the period Priest acquired Plastic Moulding Tools, a manufacturer of tools for plastic injection mouldings, and Sillavan Industries, which brought into the group minerals processing, engineering services and engineering products activities.

The group reduced its high dependence on traditional products serving the automotive industry by selling Warne Wright and Priest Jackson.

Tax charges rose from £143,000 to £266,000 and extraordinary debits amounted to £1.63m (£1.64m credits)—including losses of £2.05m on the disposal of the two businesses offset by insurance proceeds and profit on the sale of listed investments. Bank borrowings were substantially reduced during the year and the debt equity ratio was reduced to *17.9* per cent.

Hobson profits at £0.8m

Hobson, USM-quoted extrusion dies maker, achieved a pre-tax profit of £790,000 in the 15 months to end-March 1987 against a loss of £10,000 for 1985.

On turnover of £14.58m (£8.19m) operating profits from continuing activities amounted to £962,000 (£176,000) while there were losses of £172,000 (£186,000) from discontinued activities.

The discontinued activities comprised principally of those losses of Hobson Process up to the date of disposal. The disposal costs are shown in the results as an extraordinary debit of £232,000.

The newly-acquired businesses, Bannacourt and Tower Hill Merchants, were both performing well, directors said. They produced better results than the warranted profits and were both above expectations. The conditional agreement for the proposed acquisition of the outstanding 25 per cent of Bannacourt Metal was expected to be signed shortly. Directors were also examining other acquisitions, with one close to agreement.

After tax of £363,000 (£98,000) and minorities of £33,000 (£4,000), earnings per 5p share came *out at* 1.53p (0.28p) before extraordinaries, and 1.09p (0.48p losses) after.

Trading resumes for Yale and Valor shares

BY CLAY HARRIS

Trading in Yale and Valor, the renamed and greatly enlarged domestic appliance and locks group, will resume today after a two-month suspension.

Shareholders of the original Valor applied for 45 per cent of shares available in the £250m open offer which it used to fund its US acquisitions of Yale Security, the locks company, and NuTone, the household appliance maker.

The two US acquisitions have nearly quadrupled the size of the company. Shareholders were offered 2.861 new shares for every one already held.

Mr Michael Montague, chairman, told the extraordinary general meeting which approved the acquisitions on Monday that Yale and Valor was off to a flying start. "Turnover and profit figures for the first six months to end-June are excellent."

Mr Richard Haley of Barclays de Zoete Wedd, joint underwriter with Hoare Govett, said that the level of applications was at the upper level of expectation.

Many institutional shareholders involved in the underwriting did not bother to apply under the offer.

The shares were aggressively priced at 330p, equal to their previous peak and 1p above the suspension price.

LPA downturn

LPA Industries, USM-quoted industrial electrical accessories company, experienced a sharp downturn in pre-tax profits from £412,000 to £211,000 in the six months to March 31 1987. Turnover fell from £2.95m to £2.76m.

The directors declared an unchanged interim payment of 1.4p. After tax of £72,000 (£135,000) earnings per share fell from 4.24p to 2.12p.

Yearlings

The interest rate for this week's issue of local authority bonds is 9¼ per cent, up ¼ of a percentage point from last week, and compares with 9⁵⁄₁₆ per cent a year ago. The bonds are issued at par and are redeemable on July 6 1988.

A full list of issues will be published in tomorrow's edition.

Harold Ingram

Pre-tax profits at Harold Ingram, the knitwear group, rose from £324,000 to £346,000 in the year to April 30. The figures were incorrectly reported yesterday. Mr George Szymorski replaced Mr Walter Dickson as chairman last Wednesday.

Hewetson above forecast

Hewetson, which manufactures and installs raised floors, yesterday reported a 55.7 per cent rise to £481,000 against £309,000 in pre-tax profits for the year to end March last, comfortably exceeding the forecast of £440,000 made when it came to the USM last February.

Mr Robin Martin, chairman, said that the principal activity continued to grow. Demand predominaed in London and the South East, but major contracts were executed in the Midlands and the North, and agents and installers were active in both Scotland and overseas.

Mr Martin said the order book for the current year stood at a record level and the outlook was encouraging. Further progress was envisaged with rising demand for the company's products.

Turnover last year rose just 7½ per cent to £11.28m (£10.5m) and the operating profit was up from £453,000 to £594,000. Interest payable, less receivable was £113,000 (£144,000); tax took £161,000 (£144,000); tax net profits of £320,000 (£235,000). There was an extraordinary debit of £14,000 (£54,000) representing the loss on the sale of the leisure business.

Earnings per 10p share worked through at 6.24p (4.66p); the final dividend is 1.7p as forecast.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims:—Domino Printing Sciences, Kleinwort Benson Gilt Fund, Throgmorton Trust, Yelverton Investments.

Finals:—Courts (Furnishers), Elswick, Equity Consort Investment Trust, Fashion and General Investment, Ferranti, G. F. Lovell, Reed Executive, J. Rothschild, Alexander Russell, TR North America Investment Trust.

FUTURE DATES

Interims:—

Aaronson Brothers	July 23
Airtours	July 15
Birmid Qualcast	July 9
Glass Glover	July 6
Lex Service	July 30
Murray International Trust	Aug 25
Transport Development	Aug 10

APPOINTMENTS

British Gas development director

Mr Harry Moulson has been appointed HQ director, new business development, by BRITISH GAS. He will lead a small team responsible for the *development of additional business* activities outside the core UK gas business. Mr Moulson was regional director of marketing at British Gas North Western.

★

Following the offer from Lee International for MTI Mr D. J. Mindel and Mr P. G. Foster will join the board of MTI. Mr R. Weston and Mr W. C. Warren have resigned. Mr B. J. Lee and Mr B. A. Lee, previously non-executive members of the board of MTI, will now become executive directors and Mr B. A. Lee is appointed chairman.

★

Mr Derek Byrne and Mr Alan Holt have been appointed directors of YORKSHIRE CHEMICALS. Mr Byrne is chief executive of the speciality products division. Mr Alan Holt is chief *executive of the Australian division* based in Melbourne.

★

HANSON TRUST has appointed Mr Roger North as chief executive of its Imperial Foods Division. He was chief executive of Hanson Engineering and textile interests and assumes immediate responsibility for the UK food activities, which include Ross and Young's frozen foods, HP Foods, Lea & Perrins sauces, Famous Names chocolates and Seven Seas health products.

★

Mr John Katz is appointed managing director SEARS FINANCIAL SERVICES. He joins from Grand Metropolitan where he has held a number of senior positions, including most recently that of managing director Grand Metropolitan Cardholders.

★

MACARTHY has appointed Mr I. D. Parsons to its retailing division as director responsible for Savory & Moore, John Bell & Croyden, and Lifecycle. He joins Macarthy from Fripp Sandeman and Partners, a retail consultancy of which he was a director, and where he was working on a number of assignments for the Macarthy Group. Mr R. H. Riley has been made company secretary in addition to his role as group solicitor.

★

Mr Nigel Spackman has been elected chairman of the ASSOCIATION OF MARKET SURVEY ORGANISATIONS (AMSO). As chairman of Research Surveys of Great Britain, Mr Spackman also has responsibility for three other ad *hoc* companies *within* the AGB Group in the UK. Mr Spackman has represented RSGB at AMSO for the past five years.

★

AMCO INDUSTRIAL HOLDINGS has made Mr F. Brian Harrison a non-executive director. Until his retirement in July 1985, he was a main board director of the National Coal Board, responsible for financial matters.

UK COMPANY NEWS

DISAGREEMENTS WITH ERNST & WHINNEY LEAVE FIGURES UNAUDITED

Profit on target says Sound Diffusion

BY PHILIP COGGAN

Sound Diffusion, the electrical equipment group, finally produced its 1986 results yesterday but after substantial disagreements with Ernst & Whinney over the treatment of leasing profits, the figures are unaudited.

On the basis of its own assumptions, Sound Diffusion believes that pre-tax profits for 1986 were £9.98m, meeting the forecast of "around £10m" made by Mr Stonor last year. That represents a 70 per cent increase over the (unadjusted) figure for 1985.

After tax of £324,000, earnings per share were 74 per cent higher at 6.94p (3.99p). The directors are proposing a dividend of 0.601p per share (0.5008p).

Sound Diffusion's results were due out on June 5 but the company announced that "computer programme anomalies" had caused a delay in the figures. Mr Stonor now says that he had prepared a detailed letter of explanation to shareholders but was asked by the auditors not to send it.

Both the company and its auditors hoped that the disputes would be resolved but so far this has proved impossible and Sound Diffusion says it has taken independent professional advice, none of which has indicated that its views are wrong.

The points in dispute relate to both the 1985 and the 1986 figures. In the 1985 accounts, the funding cost of leases was taken by averaging the cost of previous deals, with those taken out during the year, giving a figure of around 8 per cent. However, the company says that the auditors view on the 1986 accounts is that the cost of leases should be based solely on those deals begun that year, which brings the interest costs up to 10.6 per cent.

Sound Diffusion argues that this treatment is inconsistent and thus distorts the profits growth between years and believes that the 1985 figures should be adjusted to reflect the actual cost of funds that year — around 10.9 per cent. The adjustment requires a deduction of 0.7 of a percentage point from the actuarial rate of return used in 1985.

The auditors do not share the view that the 1985 figure should be adjusted nor do they agree on the amount of the company's gross surplus that should be set aside for future years. On the company's assumptions, its gross surplus in 1986 was £30m (£24m), after deducting collection costs, service costs, finance costs and bad debt provisions.

The company believes that, in future, only 40 per cent of the gross surplus need be set aside for future years but says it is likely that the auditors will press for an even higher figure.

Sound Diffusion must now attempt to have its figures audited before the legal deadline of seven months after the year end; ie, by the end of July. It cannot replace Ernst & Whinney, although the auditors could resign, until the Annual General Meeting and that cannot occur until audited results are produced.

Mr Stonor says that, in future, he is determined that the company's accounts will be more understandable and more explicit, including an indication of the gross surplus each year.

Last year, Sound Diffusion's results were also delayed, because of difficulties in applying acounting standard SSAP21 and in the previous year, the results fell well below forecasts made by the company's broker. A dissident group of shareholders has been lobbying for the group to improve its communications with the City, with some arguing for the replacement of Mr Stonor by Mr Tony Cole, chairman of Bestwood.

● comment

The average shareholder can only have been bewildered by the barrage of statements from Sound Diffusion over the last month and cannot relish choosing sides in a dispute between the company and Ernst & Whinney. Mr Stanor is standing up for what he feels is right in an area which most accountants will admit is a minefield; unfortunately the compay's credibility has been damaged by the history of delayed results and missed forecasts. The sad thing is that the underlying business is probably very sound but, with no stockbroker and unaudited figures, Mr Stonor has a lot of bridges to build with the City and very few bricks. Only if the independent advisers convinced the auditors of Mr Stonor's case would the dissident shareholders probably be appeased and the threat of a takeover averted. But Mr Stonor would be wise, given recent history and the vagaries of SSAP21, to avoid any forecasts in future.

ISSUE NEWS

Babygro has £11.6m. price tag

Babygro Holdings, a leading manufacturer and designer of babywear and childrenswear, is to come to the main market by way of a placing.

S. G. Warburg is to place 4.57m shares, 43 per cent of the enlarged equity, at 110p per share, of which 3.64m are new shares and 938,000 to be sold by existing shareholders. The company will secure some £3.45m, net of expenses, and a market capitalisation of £11.6m.

Babygro has been in existence for 25 years and achieved fame as the pioneer of all-in-one stretch-suits for children up to the age of three.

At the beginning of the decade, it started to make losses, but following a management buy-out in December 1983, it recovered to make pre-tax profits of £402,000 in the year to the end of October 1984, and £615,000 for 1985-86, on £12.64m turnover.

It has forecast that it will make £1m in the current year, giving earnings per share of 7.3p after a 35 per cent tax charge. Profits for the six months to May 3 were £400,000 on £8.7m turnover.

The proceeds of the issue will be used partly to reduce borrowings, which currently stand at twice shareholders' funds. Further sums will be invested in new plant and machinery.

The directors intend to recommend a final dividend of a net 1.6 for payment in March 1988. Dealings in the company's shares are expected to begin on July 7.

Palm oil price fall hits Rowe Evans profits

Rowe Evans Investments, a holding company with interests in plantations, was adversely affected by the fall in the price of palm oil—at one time it reached a record low of US$180 per tonne—and profits were down from £2.17m to £1.58m in 1986. Turnover for the year was lower at £1.88m compared with £3.04m.

The figures could have been worse but for the reasonable level of crops, the maintenance of first-class agricultural standards, plus an increase in the price of rubber towards the end of the year.

The price of palm oil also improved towards the end of the year and this has been maintained in 1987 at a price of about $340 per tonne.

Related companies suffered the same adverse trading conditions, but profitable investment and property disposals meant that the group's share of their results was maintained at the same level as last year.

In Indonesia, where the sale of palm oil showed a considerable margin over the cost of production, prospects were good, said the directors.

The group's related Malaysian and Indonesian companies were all showing higher trading results to-date compared with the same period last year, largely because of higher prices for both palm oil and rubber.

The dividend is cut from 1.5p to 1.2p net and will absorb £480,787 (£457,289). Stated earning per 10p share were lower at 2.24p against 3.83p.

Economic Forestry for USM

BY PHILIP COGGAN

Economic Forestry Group, a company which manages woodlands, plants trees and markets timber, is joining the Unlisted Securities Market in a placing which values the company at £14m.

The proceeds of the placing will largely be used to fund its expansion into horticulture via the acquisition of Bone Brothers, a company which operates the World's End Garden Centre near Aylesbury.

Of the 5m shares on offer, 4.1m are to meet the cost of the Bone acquisition, of which 1.1m will be retained by the Bone Brothers, 1.7m are being issued to finance a cash payment of £1.7m, and 1.3m will be placed on the vendors' behalf.

Existing shareholders will be offered the right to subscribe for 2m shares, on the basis of one new 25p share for every existing £1 share. The new shares being offered represent 38 per cent of the enlarged equity.

Around 80 per cent of the group's 1986 profits came from forestry management—EFG looks after over 100,000 hectares of private woodlands. Last year, a small loss was incurred on the group's farm buildings and sawmilling businesses, and these will now be sold.

EFG, of which Mr Peter Rees, the former chief secretary to the Treasury is chairman-elect, is forecasting pre-tax profits of £1.1m in the year to September 28, including a three months' contribution from Bone of £100,000.

In the previous year, the group made pre-tax profits of £874,000 on turnover of £33m.

At the placing price of 100p, the prospective p/e is just over 13 and the gross yield, based on a notional net dividend of 3p, is 4.1 per cent. Cazenove is broker to the issue.

Hey & Croft at 150p

Hey and Croft, the housebuilder based in the east of England, has announced details of its Unlisted Securities Market placing. It is raising around £3.26m, of which £1.5m is new money, by the issue of 2.17m shares, 28.8 per cent of the enlarged equity, at 150p each.

The company is forecasting pre-tax profits of £1.37m for the year ending October 31, 1987 and at the placing price, the prospective p/e is 11.5

● Comac, the computer personnel company, had a successful first day on the Third Market, closing at 180p compared with the placing price of 120p.

F. H. Tomkins

F. H. Tomkins, industrial holding group, has sold 50,000 shares in Ransomes Sims & Jefferies, lawnmower and machinery group, reducing its stake to 1.625m shares, or 5.85 per cent.

Mr Greg Hutchings, Tomkins chief executive, declined to comment on the sale. Tomkins had raised its stake in Ransomes above 5 per cent two weeks ago, prompting speculation that a bid might follow.

Ransomes shares yesterday fell 8p to close to 320p.

Fuller tops £5.8m

Fuller, Smith & Turner, brewer and wine and spirits merchants, lifted pre-tax profits from £5.01m to £5.81m on turnover up from £40.64m to £44.89m for the 53 weeks to April 4 1987.

The directors proposed a final dividend of 3.3p (2.6p adjusted), making a total of 5.1p for the period. Earnings per £1 ordinary share were 25.94p (20.39p).

Operating costs totalled £39.31m (£36.01m) and operating profits made £5.59m (£4.64m). Net finance income added £229,000 (£276,000).

Anderson Strathclyde's sharp rise

Anderson Strathclyde, a manufacturer of mining and industrial equipment and a subsidary of Charter Consolidated, reported a sharp rise from £3.61m to £6.57m in pre-tax profits for the year to March 31 1987.

The directors said that the company's normal seasonal pattern of activities did not occur and turnover for the second half — normally the more buoyant — did not reach the level of the first half.

The fall in activity had been anticipated and occurred because of the depressed markets in which the company's main customers were operating.

They said that short term prospects for the supply of equipment to the underground coal mining industry remained uncertain.

Turnover last year fell from £175.28m to £139.82m but operating profit was up from £7.92m to £9.85m. There were no exceptional credits this time (£1.2m) but interest was sharply lower at £3.29m (£5.51m).

Tax rose to £2.39m (£1.83m) leaving attributable profits of £4.7m (£2.86m), or earnings per share of 9.9p (6p). There was, in addition, an extraordinary debit of £2.72m (£5.8m).

The dividend is raised from 2.72p to 3.66p.

Plantation rights move

Plantation Trust yesterday failed to obtain the support of 75 per cent of its shareholders on a resolution to allow a rights issue to be extended to holders of convertible stock and warrants.

At an extraordinary meeting, two major shareholders voted against a resolution that would have suspended statutory pre-emption rights on the planned £2.5m issue to holders of ordinary shares, convertible stock and warrants.

The Trust now plans to proceed with an alternative £2.3m rights issue on a three-for-one basis to ordinary shareholders only. The proceeds will be used to fund an expansion of the Trust's investment portfolio.

Thomas Jourdan buys Woodstock Butcherblock

Thomas Jourdan is acquiring Woodstock Butcherblock Furniture for an initial consideration of £1.95m to be satisfied by the issue of Jourdan shares worth £450,000 and £1.5m in cash. A further 810,000 ordinaries are to placed with institutions by Phillips and Drew at 200p per share.

Further consideration in the form of Thomas Jourdan ordinary may be payable to the vendors depending on Woodstock's pre-tax profits for the year to March 31 1988. If profits for that year exceed £700,000 a maximum total consideration of £4.55m would be payable. Woodstock returned profits of £332,000 for the year to March 31 1987. At that date net tangible assets totalled £509,000.

Globe Invest. for Tokyo SE

Globe Investment Trust is applying for a Tokyo quotation later this year, Mr David Hardy, chairman, announced at the company's annual meeting.

He said it was only appropriate "that the world's largest investment trust should be available in Tokyo which has rapidly become one of the major stock markets" and added: "These Japanese quotations are complex and time-consuming and shareholders will be kept advised of our progress in our quarterly reports."

Mr Hardy said yesterday that plans to expand management of pension funds and provide additional fund management services were well under way and Globe would be strengthening its management team shortly.

New inflation threat startles most companies

BY MICHAEL DIXON

THE JOURNALISTS' motto quoted here last week—"There's always another quarter of an hour"—has prompted a dozen inquiries whether equivalents exist for other trades.

All I can do in reply, however, is once again appeal to readers who happen to know some to send them in for publication in due course. For despite much dredging of memory, I can think of none for any other line of work apart from accountancy.

The reason for the exception is that during the years which self-respecting youths spend hanging around in billiard halls and sleazy bars, my life was hung around with accountants. So I could not help picking up some of the maxims according to which they conduct their professional affairs.

One, which a certain Brian Arrandale tried continually but unavailingly to impress on me, is: "You can't save money by spending it." A second, heard too often for it to be attributed to any individual, runs: "All engineers are spendthrifts." Another is: "Always look on the grim side."

That third example is different from the previous two because I have not as yet heard a member of the breed actually say it. Nevertheless its status as one of their guiding principles appears obvious from their behaviour.

Take, for instance, the question with which John Courtis, accountant turned recruitment consultant, has recently been depressing numerous senior managers in Britain. Having noted the Conservatives' pre-election pledge to complete their crusade against rising prices, he has been asking employers how they will cope with the *threat* of zero inflation.

Perhaps because most of the people he asked were not accountants, fewer than half of them seem initially to have twigged what he meant but he says he soon enlightened—or, rather, engloomed—them by explaining thuswise:

"If the cost of living becomes and stays stable, there can be no such thing as a cost-of-living pay increase. So all the average and below-average performers in your organisation who have been kidding themselves for years that there is an element of merit-award in each annual uplift, will have at last to realise that there isn't . . . unless you wish to be cowardly and pay for them to continue in their illusion."

A fair number of the employers, however, had already anticipated the day when the dawn of realisation might demotivate their less productive staff altogether. The counter-measures they had worked out fell mostly into five main categories.

The first two could both be classed as communications exercises. The object of one was simply to get it across in advance to the un-merit-rise-worthy that once prices congeal there will be no pay increases. The hope of the other was to eliminate false expectations indirectly by concentrating employees' minds on the attractions of a company-wide performance-bonus scheme.

A somewhat similar plan was to rule that from now on all increases for everybody would depend on the achievement of specified personal objectives.

The remainder were softer approaches. The fourth was to accustom people gradually to the change by allowing a short-term "holiday" from paying pensions contributions. The fifth, peculiar to City of London concerns, was to declare—Mr Courtis prefers the word "allege"—that the relevant rise-trigger for them is not inflation but City market forces. So "as always," he says, such companies will go on paying more.

Nevertheless, his accountancy experience cannot have turned him entirely to stone. For he has thought up several further ways for employers to cushion no more than average performers from the demotivating threat of zero inflation. They are:

Give discount-buying cards or, if the company is strong enough, make deals to the same effect with local suppliers.

Give permanent health insurance. "Premiums tend to be cheaper per head in a group scheme, so their perceived value is greater. And if the company has been making ex-gratia payments for medium-term sickness, it may even cost nothing."

Offer free-of-charge advice from the company's tax and insurance advisers on how to maximise net income.

Offer discounted weekend-break vouchers through one of the several factoring companies which deal in them.

In the final analysis, however, I regret to say I suspect that the company whose plan is nearest to John Courtis's heart is the one which proposes to go on paying regular increases to everybody in its management team, at least. The catch is that it will fund them by regularly firing from the team the 10 per cent who are least effective.

Foreign hope

WHEN I interviewed the distinguished American physicist Ernest Ramo 15 years ago he was occupied with a knotty problem. Although he was already in his 60s, there was no place he was keener to be than on a tennis court. And the problem he was working on was how to change the rules of the game to give older players an advantage over younger ones.

His evident failure to solve it would seem to teach a lesson. It is that even though United Kingdom recruiters are increasingly showing purblind prejudice against applicants much over 40, there is no sense in seeking to counter it by showing prejudice in favour of the oldies. So although the reader who sent in the tip I am about to pass on apparently meant it specifically for people suffering from age-apartheid, I hope it may prove of use to some of greener years as well.

The tip is that most other countries' UK embassies, high commissions, state and provincial governments and so on are continually looking for agents, distributors, joint venture partners, licensees and the like *on behalf of companies in their* home territories. The way to get to hear about the opportunities going is to look up the missions' addresses in Whitaker's Almanack or the Statesman's Year Book (which should be available in public reference libraries) and ask to be put on their commercial-affairs mailing lists.

Such lists are continually being updated and amended, the reader says, and by and large all that anyone need do to go on them is to fill in the appropriate form. "Obviously, to get appointed to the positions, you have to convince the principals offering them that you can do a useful job for them. But my experience is that they are more interested in potential agents' contacts, experience and ability to turn on sales than in their age."

Swiss-rarebit

TO CONTINUE the topic of international business links: I have just heard from a head-hunter in Switzerland who hopes suitably equipped readers might be tempted by a finance director's job with a new venture in Wales. Yes, that's right. Wales.

The recruiter is John Steele oft the Manserv consultancy. As he may not name his celtic client, he promises to abide by any applicant's request not be be identified to the employer at this stage. What he can say is that the start-up company has designed and developed a product of desk-top publishing kind which is to be manufactured in the Far East albeit marketed mainly in Europe and the US.

The newcomer needed to join the company's two techno-entrepreneurial founders at the behest of the venture-capital backers must be a fully qualified accountant with skill in all areas of financial management, including international tax and foreign exchange. Previous start-up experience would help.

Salary £30,000-plus. Car and share options among perks.

Inquiries to Glarnichstrausse 42, 9500 Wil, Switzerland; telephone 73 237644.

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DIRECTOR OF FAR EASTERN EQUITIES SALES

LONDON **£120,000-£160,000**

FAR EASTERN EQUITY ARM OF MULTI INTERNATIONAL INVESTMENT BANK – ASSETS OVER £50 BILLION

This new position to head the start up of a new team in London selling Far Eastern Equities, calls for candidates aged 25-35, who have acquired at least 3 years practical successful sales experience in selling equities preferably but not essentially, Far Eastern Equities. The successful applicant will initially spend a familiarisation period in Hong Kong and will then be based in London, selling Far Eastern Equities to the Bank's 250+ clients based in the U.K. and Continental Europe. Some away travel will be necessary. The ability and tenacity to carve out a significant share of business in this highly competitive market and to build and retain an effective team is key to the success of this appointment. Initial salary + guaranteed bonus, negotiable, £120,000–£160,000 + car, non contributory pension, free life assurance, subsidised mortgage, free B.U.P.A. and assistance with removal expenses if necessary. Applications in strict confidence under reference DFES 4513/FT, to the Managing Director: CJA.

N.B. A further vacancy exists for a Far East Equities Sales person £80,000–£120,000 + Benefits. Applications under reference FES 4514/FT.

A secure, interesting position with scope for increased earnings

ALPS

SENIOR COMPLIANCE OFFICER – DIRECTOR

CITY OF LONDON **£50,000–£60,000**

MAJOR INTERNATIONAL FINANCIAL SERVICES GROUP

This vacancy calls for candidates, aged 45–55, qualified F.C.A., who will have acquired a minimum of 3 years recent practical experience either in the consultancy arm of a professional accountancy practice or as a member of the Stock Exchange, who have a good understanding of the settlements and trading function in a major establishment. Responsibilities will cover overseeing the total compliance operation and through a team of compliance executives, cover the checking on internal staff dealings, the impact of capital adequacy tests, monitoring corporate finance activity and the continual up-date of the requirement of The Securities Association and I.M.R.O. An alert mind and the ability to further enhance the profile of the compliance function within the organisation are important. Initial salary and guaranteed bonus negotiable, £50,000–£60,000 + car, non-contributory pension, free life assurance, free B.U.P.A. and subsidised mortgage. Applications in strict confidence under reference SCOD141/FT, to the Managing Director: ALPS.

Scope exists to develop this key function leading to appointment as Customer Services Manager in 2–3 years

CUSTOMER SERVICES EXECUTIVE – PROPERTY FINANCE

CITY **£17,000–£18,000 + BONUS**

FAST EXPANDING CORPORATE LOANS DIVISION OF MAJOR BRITISH BANKING GROUP

For this new appointment, following sustained growth and an increasing emphasis on individually designed lending propositions, we invite applications from bankers, qualified A.I.B., or law graduates with significant experience in the corporate lending field. The capacity to interpret and translate approved proposals into formal and detailed facility letters is essential. This will require a broad grounding in general banking law, security and valuations with the ability to liaise with prospective clients and their professional advisors in support of the business development group. Vital to the success of this appointment are a forward looking approach, commercial acumen plus communication/negotiating skills together with the ability to make a constructive contribution with the minimum of direction and supervision in a fast moving environment. Initial salary negotiable £17,000–£18,000, bonus, mortgage facility, non-contributory pension, free life assurance and assistance with relocation, if necessary. Reference CSE4515/FT.

N.B. A further vacancy exists for an additional **Client Liaison Executive** to strengthen the New Business Development Group in the areas of customer contact and support. This will include the processing of loan applications/proposals and the associated administration. A background in Corporate lending is essential and Property financing experience highly desirable. Initial salary negotiable c.£17,500, bonus, mortgage scheme, pension and life assurance. Reference CLE 4501/FT. Applications in strict confidence, under the appropriate reference above, to the Managing Director: CJA.

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE: 01-588 3588 OR 01-588 3576. TELEX: 887374. FAX: 01-256 8501
ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT – PLEASE TELEPHONE 01-628 7939

PRIVATE BANKING OFFICERS

Leading international bank requires following private banking officers:

Regional Business Unit Head with 7-10 years' security industry knowledge, sound commercial banking, credit and marketing skills to be responsible for Western European and Middle Eastern regions. Applicants require fluent French and reasonably fluent Arabic. Education to MBA level. Aged 35-40. Salary negotiable.

Business Unit Head (two) reporting directly to Regional Business Unit Head. 3-5 years' on-line experience in marketing mandatory, credit experience, security industry knowledge and banking analytical skills essential for new product development purposes. Incumbent will be responsible for achieving high annual budget and marketing plan revenues, providing high level of financial consultant/client service within credit and procedural policies of company. Salary negotiable.

Write Box A0602
Financial Times
10 Cannon Street
London EC4P 4BY

CORPORATE FINANCE

Candidates for this interesting post in a growing, youthful financial services company will have a minimum of 3 years post qualification financial or legal experience, preferably in a Merchant Bank.

Working directly for the Deputy Managing Director, the successful candidate will be fully involved in the Company's own investment and acquisition programme and in the provision of corporate finance services to clients.

The Company is located in the West End and offers an open participative environment with a competitive package.

Please send career details, including current salary and quoting reference C7129 to Anne Routledge and state any companies to whom you do not want your application to be forwarded.

KPMG Peat Marwick McLintock
Executive Selection and Search
9 Creed Lane, London EC4V 5BR

UK MARKETING - CORPORATE FINANCE OFFICERS

CIBC

CIBC, one of the top ten banks in North America, is expanding rapidly in the UK through its corporate banking, investment banking and stockbroking operations. An integral feature of that expansion is the continued development of a business base in the medium sized UK corporate sector.

This has led to an immediate requirement for two entrepreneurial young bankers, with a flair for and proven track record in new business development to join our small dynamic team. As well as a sound background in general corporate banking activities, we are particularly seeking individuals with experience of medium sized UK corporates both public and private. An aptitude for structuring specialised financing, involving a broad spectrum from asset based lending to equity is also required. Despite the emphasis on creative financing, sound credit skills probably gained through formal training are essential.

Based in London Bridge City, the successful candidates will work from our prestigious new offices which offer excellent facilities.

If you have the necessary skills and experience and are willing to make a full commitment to our growth and success you will find us more than able to meet your salary and benefits requirements.

To apply write enclosing your full CV to Miss Alison Fiske, Personnel Officer, Canadian Imperial Bank of Commerce, Cottons Centre, Cottons Lane, London SE1 2QL.

Canadian Imperial Bank of Commerce

Treasury Manager

Major Career Opportunity in a Fast-growing Team

NW London c.£15,000

The Ladbroke Group is moving ahead, fast. We are now a £1.7 billion international business, with outstanding growth in traditional areas of racing and hotels, more than matched by success in property, retailing and communications.

Right now, we are looking for an experienced and ambitious professional to join our rapidly expanding Treasury Team.

Based at our Head Office in London, you will work closely with the Assistant Treasurer who is responsible for our progressive Dealing Room. Your role will be wide ranging offering every opportunity to develop a full range of Treasury skills. You will be responsible for managing the Treasury's software systems and for the administration of Treasury transactions. You will also assist with money market and foreign exchange dealing and will be expected to deputise for the Assistant Treasurer in his absence.

Candidates, aged 25-30, must have a degree or a professional qualification, and will be numerate with a strong aptitude for computer work. Relevant experience in a similar environment would be ideal.

Starting salary is fully negotiable around £15,000, depending on age and experience. Benefits include pension, share, life assurance and medical schemes.

Please write, with full CV, to Mr. R. Goulding Ladbroke Group PLC, Chancel House, Neasden Lane, London NW10 2XE.

Ladbroke Group PLC

Non-Marine Reinsurance Broker Producer

£30,000 – £40,000 + Car + Benefits

A prestigious medium-sized Lloyd's broking house wishes to strengthen its Reinsurance Division by the appointment of a Senior Broker Producer. The company has a long-standing relationship with a first class client base, mostly in the UK and Western Europe.

Candidates, preferably aged between 30 and 35, should have a proven ability to produce quality business. Such experience is more important than specialisation in any particular territorial area. The job will include building on existing contacts as well as introducing new business.

This is an outstanding opportunity to lead a dynamic young broking team. There is potential for rapid promotion to Head of Division, a board level appointment with profit share. Management skills are therefore essential.

Candidates who are interested should contact **Matthew Andrews** on **01-404 5751** or write to him enclosing a comprehensive Curriculum Vitae at **39-41 Parker Street, London WC2B 5LH.** The strictest confidentiality is assured.

MP
Michael Page City
International Recruitment Consultants – London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

EQUITY INVESTMENT MANAGEMENT

Proven Skills? Transferable Skills?

Financial Sector Human Resources

The rapidly expanding and increasingly competitive world of equity fund management continues to create a variety of exciting opportunities for individuals of the highest calibre.

As Personnel Consultants to a range of leading investment institutions we are ideally placed to match your aspirations of career advancement with our clients' requirements.

We are currently handling vacancies at **ASSISTANT MANAGER** to **ASSISTANT DIRECTOR** level suitable for individuals with two or more years experience managing portfolios in the following geographical areas:

U.K. **JAPAN** **N. AMERICA**

JUNIOR OPPORTUNITIES also exist for graduates/MBA's/Accountants aged 22-26 with transferable skills who wish to initiate a career in Fund Management.

If you match the above specifications then we invite you to discuss with us how you may advance or initiate your career in Investment Management.

Please send your C.V. to D A Burn or Robert Winter at MCP Management Consultants or telephone 01-405 9000/1 (lines open until 10.00pm tonight and from 7am tomorrow) to arrange, in strictest confidence, an informal meeting.

MCP MANAGEMENT CONSULTANTS
Lawrence House 51 Gray's Inn Road London WC1X 8PP

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Daniel Berry
Ext 3456
Tessa Taylor
Ext 3351

ACCOUNT OFFICER

£ – Negotiable plus benefits

Bank Mees & Hope NV, a Dutch wholesale and merchant bank, opened its London branch in 1982 to provide more services for our international and UK corporate clients. We have rapidly expanded both the range and volume of our services, especially in commodity trade financing.

Due to a planned expansion programme to support our existing client base and assist with further development we now seek to appoint a committed and ambitious person aged 25-30 with a broad banking background and a thorough credit training to add to our team of account officers. Some commodity experience would prove an asset but is not essential.

We offer scope for personal development, a salary commensurate with qualifications and experience and the usual range of banking benefits.

Please send full C.V. to Mrs Helen Wood.
Applications will be treated in strictest confidence.

BMH
BANK MEES & HOPE NV
Princes House, 95 Gresham Street, London EC2V 7NA

هكذا في الأصل

Goldman Sachs

Commercial/Corporate Lawyer

to £50k + bonus + benefits

A DYNAMIC, PROGRESSIVE ENVIRONMENT DEMANDING SKILLS AND PERSONALITY TO MATCH

Goldman Sachs, a major international investment house, has earned a high reputation in the City for corporate finance, securities and commodities trading and capital markets. The Firm is committing people, capital and technology to establish a broad-based globally interconnected financial services organisation.

In response to the continuing expansion of the 700 strong London office, candidates are being sought for two newly created positions for Commercial/Corporate Lawyers within the Legal Department. The lawyers will provide advice on a broad range of financial services, coordinating the use of outside counsel where necessary. This demanding function will also involve advising on compliance-related issues and liaising with regulatory authorities.

Successful candidates will possess an assertive, confident nature with a positive approach to problem solving. Good business judgement and the ability to deal with all levels of officers and staff are essential qualities. The importance of this role demands experienced lawyers of proven capabilities. Only lawyers with 3–10 years' post qualified experience gained with a leading City firm and/or investment house will be considered.

Salary in the range of £30–£50k + bonus + usual large company benefits.

For a confidential discussion about these posts speak to Clare Tattersall on 01-405 6852 or write to Reuter Simkin Limited, 26–28 Bedford Row, London WC1R 4HE.

REUTER SIMKIN RECRUITMENT

Jonathan Wren

BUSINESS ANALYST/ PROJECT MANAGER

EQUITY TRADING

c£50,000 + substantial benefits

To enhance their services for corporate and individual investors, our clients management information division are currently re-developing their large sophisticated systems. Satellite offices in several global markets were consolidated to re-inforce their position as one of the world's leaders in international banking. Transactions on the leading edge of equity trading demand critical analysis, not superficial tracking. Through analysis the Business Analyst/Project Manager will define risk and thereby minimize it, hence the importance our client emphasises the role the successful candidate will play. Working in a multi-hardware environment, the successful applicant will be responsible for:

- Equities project from concept to implementation
- Re-development of existing eurobond/gilts systems
- Leading a team of banking/computing professionals
- Budgets and timescales
- Maintain the best computer based investment systems and quantitative disciplines

Contact Terry Rickaby, Senior Consultant on (Daytime) 01-623 1266 (Evening) 0268-413253

LONDON BRUSSELS HONG KONG SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No.1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266. Fax: 01-626 5258.

Futures & Options

HEAD OF TRADING

Our client, a large international investment bank, is setting up a brand new Futures and Options trading department. In order to spearhead their advance into this field a candidate of exceptional calibre and experience is sought to develop and implement creative investment strategies and to recruit the desk and floor trading team.

FINANCIAL FUTURES SALES

The Futures arm of this US investment bank is seeking an experienced Financial Futures Salesperson with two to four years' exposure to major institutional clients.

The successful candidate is likely to be a graduate with an exceptional record of achievement in this area and who would value the opportunity to develop his/her career in a progressive and dynamic environment.

If you are able to meet the above criteria please contact Anthony Isern or Trish Collins on 01-256 6833 or send full CV in strictest confidence to Reed City, 94 Old Broad Street, Lodon BC2M 1JB.

REED ... City

Ulster Investment Bank Limited
A member of National Westminster Bank Group

CORPORATE FINANCE EXECUTIVE

Ulster Investment Bank is one of the largest merchant banks in Ireland with assets of £700 million with a well established Corporate Finance activity.

The executive will be based in Dublin and will work at a senior level within the Division on a wide variety of advisory assignments related to mergers, takeovers, public issues and strategic change in companies. Applicants should hold an honours degree, have drive and commitment with highly developed negotiation skills. Previous experience in this field would be a distinct advantage. Salary and benefits, which are competitive, will be discussed at interview.

Please write enclosing curriculum vitae to:

Mrs. Iris Belshaw,
Assistant Director,
Ulster Investment Bank Limited,
2 Hume Street, Dublin 2.
Telephone: 613444.

Management Potential?

Add strength to a strong team

As a successful subsidiary of the Allied Dunbar Group, Premier Unit Trust Administration in Shenfield, Essex has a vital role to play in maintaining the Company's high standards of service in the fast-moving unit trust market. The Company is currently undergoing a period of planned expansion and growth, giving us the opportunity to recruit a number of high calibre managers, capable of assuming full responsibility for key areas of the Company's operation.

You will be involved in a wide variety of management responsibilities, anticipating future resource needs, identifying any possible vulnerabilities and liaising with senior management with your solutions. Staff motivation, and the development of quality control guidelines, will be important aspects of the role.

As you'd expect, we rate excellent communication and interpersonal skills as vital; we're also looking for at least ten years' experience in a financial services environment – ideally in unit trust administration. You should be well educated and accustomed to people management, as well as being aware of new developments in the Financial Services industry.

In return for your skills and your commitment, we can offer an attractive salary with an excellent range of benefits to include a company car, free life cover, profit share, BUPA, a non-contributory pension scheme and generous relocation expenses.

If your management skills could strengthen our reputation for excellence, please apply in writing to Margaret Webster, Personnel Officer, Premier Unit Trust Administration Limited, 5 Rayleigh Road, Brentwood, Essex CM13 1AA.

We are an Equal Opportunities Group. Applications are welcome regardless of sex, marital status, ethnic origin or disability.

ALLIED DUNBAR
PERSONAL FINANCIAL GUIDANCE

Share in our success

GENERAL MANAGER

FRESH AND FROZEN FISH PRODUCTS

SOUTH HUMBERSIDE : NOT LESS THAN £27,500

Applications are invited for the position of GENERAL MANAGER to a substantial, well established and expanding company in South Humberside, having a close association with an international trading group and which markets fresh and frozen fish products throughout the United Kingdom into the wholesale, retail and catering trades. There is also an extensive export market.

Some of the essential features of the appointment are: *The disciplined control of an expanding business operation;* monitoring stocks, debtors, cash and margins which are vital contributors to economic trading; motivating staff to create *a positive awareness of a profit orientated business; a recognition of a highly competitive trade but where efficiency and the concept of new ideas can achieve even greater* penetration of the market.

The successful applicant (M/F) aged around 35 (and with advantage an MBA or similar qualification) should be able to demonstrate proven abilities to meet this demanding but exciting challenge where strength of character, flair and the will to succeed are important factors in his/her approach to business. Salary not less than £27,500, a car, relocation expenses and the usual benefits. A directorship is contemplated within a reasonable time.

Applications, which will be treated in strict confidence, should be sent, together with a C.V. and home telephone number, in an envelope marked 'G' to:-
R. M. Strachan, F.C.A., Hodgson Impey, Queen Victoria House, Guildhall Road, Hull, HU1 1HH.

BANKING MANAGER

As a result of rapid expansion in the demand for its mortgage products, we now require an AIB to take the role of Banking Manager within Hill Samuel Personal Finance.

This position, which will be based in modern offices in East Croydon, will appeal to the career-minded banker who will welcome the challenge of setting up and running a banking department responsible for all aspects of mortgage administration, including charged securities, customer services and accounting. Plans for the future include the expansion of the range of personal credit services together with the introduction of a number of deposit-related products and the successful applicant will be expected to contribute at senior level in these developments.

The ideal candidate will be an enthusiastic AIB with a retail banking background who has had some experience at assistant manager level. The position reports directly to the Financial Director and carries a competitive remuneration package including subsidised mortgage. Success in the appointment will be rewarded by the provision of a company car.

Please apply with brief C.V. and details of present salary to:– Mr. P. J. Handford,

HS
HILL SAMUEL PERSONAL FINANCE,
6 Greencoat Place, London SW1P 1PL.
Tel: 01-828 5241

NORWICH UNION INSURANCE

FUND MANAGERS

Enjoy the excitement of City dealing without the pressures of commuting.

The Investment Division of the Norwich Union Life Insurance Society is seeking to recruit two experienced Fund Managers with proven expertise in currency management or North American equity investments.

Both posts offer successful applicants a stimulating career in one of Britain's most attractive cities within easy reach of both the countryside and the beaches as well as London.

Competitive remuneration package including Non-Contributory Pension and Life Insurance, special Mortgage Allowance, Permanent Health Insurance and excellent Sport and Social facilities.

Write for an application form before 24th July to:

Miss P D Scott
Head Office Staff Superintendent
Norwich Union Insurance Group
Surrey Street
Norwich NR1 3NG

STOCKBROKING OPPORTUNITY

MANCHESTER

Expanding Manchester Stockbroker servicing private clients requires an

EXPERIENCED DEALER

Attractive salary and pension scheme package, together with exciting prospects, is offered to the right applicant.

In the first instance telephone or write in confidence to: City Press Services, Chapel House, 172 Chapel Street, *Manchester M3 6BG*, 061-832 7972, advising us of any companies to whom you do not wish your application forwarded.

SENIOR BANKING APPOINTMENTS

SENIOR MARKETING MANAGER UK & EUROPE — **to age 40** — **Salary neg from £40,000 p.a.**

Prestigious international bank seeks graduate, probably MBA, with previous banking experience of marketing a combination of commercial banking and capital market products to top 200 UK companies and to Europe, particularly Scandinavia and Italy.
It is envisaged that the person sought will now be working for an American or major UK bank and will have a good relationship with counterparts in such banks.
The position entails control of 5/6 existing marketing executives.

MANAGER ADVANCES — **30s** — **£27-28,000 p.a.**

UK bank in course of rapid expansion seeks business graduate with at least 4 years' banking experience or AIB and several years' banking experience, able to sell the bank's credit and specialised services to UK corporate clients. A good lending background and experience in dealing with middle to small sized companies is a prime factor as are good contacts and motivation to seek out new markets and contacts.

Please speak with Elizabeth Hayford on 377 5040

CITY GRADUATES

- ★ Are you thinking of a career move?
- ★ Do you have a good degree?
- ★ Are you currently working in: Banking: Stockbroking: Insurance?
- ★ Would you like the opportunity to meet two City recruitment specialists for one hour free counselling session?
- ★ Our clients are all blue chip names in the City and are seeking high calibre people at every level.
- ★ All replies will be treated with the utmost confidentiality.

Please write enclosing a CV or telephone
JOHN LORD or DAVID JONES
THE CITY RESOURCING PARTNERSHIP
256 Bishopsgate, London EC2M 4QX
Tel: 01-377 8106 or 0444 452208

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SALES & MARKETING DIRECTOR

Cheltenham **£Negotiable + bonus**

An exciting and challenging opportunity exists for a top asset finance professional to obtain a Board appointment with Royal Bank Leasing Limited, a subsidiary of RoyScot Finance Group, the finance house arm of The Royal Bank of Scotland Group plc. Royal Bank Leasing is embarking on a major expansion of its activities to increase its market share and will be relocating its Head Office to Cheltenham later this year, where this appointment will be based.

The successful applicant will be a member of the executive management team, responsible for the ongoing development of all sales and marketing activities within this major profit centre and for the control and motivation of strong teams based in Cheltenham and at established offices in London and Edinburgh. Aged c35 years, the appointee will be able to demonstrate a successful career in Sales and Marketing in the middle ticket (£½ m +) asset based finance market. He/she will have strong structuring skills and experience of high level negotiations for larger more complex transactions.

This position represents an excellent career opportunity and to reflect the seniority of this appointment will carry an attractive salary, performance related bonus and benefits associated with a major banking group.

Please send a full CV which will be treated in strictest confidence to the Managing Director, Royal Bank Leasing, 1 Noble Street, London EC2V 7JU.

Royal Bank Leasing

Company Secretary

TELERATE

City c£35,000 + car

C&L

Telerate (UK) Limited is a key company within one of the world's leading Groups supplying on-line financial information and news. Based in London the company co-ordinates the Group's activities throughout Europe, the Middle East and Africa. Rapid growth of the company, which is highly profitable, has created the need for a strongly commercially orientated Lawyer to fill this new post. Current annual turnover is approaching $100m.

Reporting to the Managing Director you will be responsible for the full Company Secretarial function, with a particular emphasis on legal and contractual matters throughout the territories covered by the company's activities. Supported by a small staff, you will also have responsibility for personnel, administration and property. As a key member of the senior management team, you will be expected to make a significant contribution to the running of the business and to its anticipated future growth and development.

Almost certainly a qualified Lawyer, probably aged in your mid 30s, you will already have international experience preferably gained in a financial services environment. You must have substantial experience of contract law and negotiation; some knowledge of international personal taxation would also be advantageous. With an outgoing personality you must see yourself primarily as a business manager and must have a strong desire to succeed, and demonstrable initiative.

Prospects in this dynamic and rapidly growing group are excellent, and candidates of the calibre sought can expect to reach the highest levels of management. The first class remuneration package will include a stock option scheme, an executive car, and an excellent benefits package.

Résumés, including a day time telephone number, to Torrance Smith, Ref. TSF665.

Coopers & Lybrand Executive Selection

Coopers & Lybrand
Executive Selection Limited
Shelley House 3 Noble Street
London EC2V 7DQ
01-606 1975

Trainee Investment Analysts

Overseas Equities

Backed by a proven long-term investment record, Provident Mutual funds under management now exceed £3.4 billion and are continuing to grow rapidly. This expansion has created additional opportunities for people with ambition and enthusiasm, providing good prospects for career development within a successful and progressive environment.

Successful candidates will specialise in an area of overseas equity investment. They should be graduates in Economics or a financial discipline and already have some industrial or commercial experience. They must also be able to demonstrate a willingness to work hard and an ability to get on with people.

An attractive salary is offered and benefits include a non-contributory pension, free life assurance, subsidised BUPA and low cost mortgage facilities.

Please write with full C.V. including current salary to Mr. D. I. Willcock, Personnel Superintendent, Provident Mutual Life Assurance Association, 25-31 Moorgate, London EC2R 6BA.

PROVIDENT MUTUAL

BANK EXECUTIVE

Credits Department

City Banking House with a diversified business, total staff 25, seeks executive for its Commercial Banking and Credits Department to work directly under the departmental manager. Experience in credit analysis, project (property) finance and asset backed lending essential and sound knowledge of securities work. Able to deal with advising solicitors, estate valuers etc and to monitor loans on a consistent and on-going basis. Age 28-35, but someone taking early retirement might be considered

Competitive salary with usual benefits being offered to right person

Write in confidence to Box A0600
Financial Times, 10 Cannon St, London EC4P 4BY

Capital Markets – Economist

To £40,000 and bonus

Our Client, a major European-based investment bank, is seeking an Economist, to work directly under the Senior Economist. You will be involved in developing an in-house macro-economic forecast on the major OECD countries, their exchange rates and interest rates, and will be expected to draw upon the expertise of the Company's other economists located in financial centres worldwide. In addition, you will also be involved in the production of a monthly publication which advises clients on an international strategy and includes inhouse statistics on bond and equity instruments. There will also be the opportunity for original research on economic and financial topics.

The successful candidate, should have a first degree in economics (at least upper second), with some statistical and/or econometric and/or computing content. Knowledge of a European language, although not essential, would be an advantage. There is the possibility of occasional travel abroad. A competitive salary together with a very substantial bonus scheme and other benefits is proposed.

Please send CV's to: Adrian Whitbread at Moxon Dolphin & Kerby Ltd, 178/202, Great Portland Street, London W1N 6JJ. All replies will be forwarded to our client – please indicate any companies to whom you do not wish your application sent.

MOXON·DOLPHIN·KERBY
EXECUTIVE SEARCH & SELECTION

EQUITIES

ANALYSIS & SALES

Our clients require experienced
- Equity Salespeople
- Investment Analysts
- Support Staff

Telephone
DR. ELSPETH DAVIDSON

01-439 1701

AT A CAREER CROSSROADS?

Hill Samuel Investment Services is seeking executives, aged 25 to 50 and with experience in industry, commerce or the professions to become Personal Financial Advisers. All necessary training and support will be given to enable you to promote the renowned range of Hill Samuel personal and corporate financial products and services. London commuter area.

Contact Mike Talbot, 01-222 4856
Hill Samuel Investment Services
29 Queen Anne's Gate
London SW1 9BQ

Ord Minnett

LIMITED

A Member Corporation of The Sydney Stock Exchange Limited.
Member of The Stock Exchange, London.

Ord Minnett, one of Australia's leading international investment banks, is seeking highly motivated professionals for the following senior positions:

Institutional Dealer – Europe

An excellent opportunity currently exists for an experienced, self-motivated individual to join the firm's successful London office as an institutional dealer/salesperson.

As well as servicing the needs of existing major clients, the successful candidate will provide support to our senior manager in seeking and securing new business.

Fluency in English or German would be a distinct advantage and knowledge of the Australian stockmarket would be beneficial.

Excellent career prospects and an attractive remuneration package are offered to reflect the responsibilities and importance of the position.

Institutional Salespeople and Research Analysts – UK Equities

Due to the continued expansion of our London office, further vacancies currently exist for experienced institutional salespeople and analysts.

Working closely within a team framework these positions offer the right candidates excellent career prospects and an attractive remuneration package.

A sound knowledge of UK equities is essential and an understanding of the Australian stockmarket would be an advantage.

A formal qualification in Accounting, Economics and/or an MBA would be considered an asset for these positions.

Excellent career prospects exist and an attractive remuneration package is offered.

For all of the above positions, please send your CV and supporting details to: J. P. Gunning Esq, Ord Minnett Limited, 1 College Hill, London EC4 2RA.

Gilt Edged Sales

London

As part of the continuing expansion and development of our gilt edged primary dealership, we now have further opportunities in gilt edged sales. Successful candidates will join an established department which is growing in response to the demands from our customers.

Goldman Sachs became a primary dealer in gilts after the Big Bang. For us, this has been a successful and profitable experience. As a leading world investment bank we are an established force in fixed income markets worldwide, with a strong commitment both to trading and research.

Our present requirement is to recruit two experienced professionals to add to the sales team. The ideal candidate is probably in his or her late twenties/mid thirties with 2 to 5 years experience in the gilts market. This may have been gained either with a gilts dealer or with an institutional investor. Essential qualities are high professional standards, strong presentational skills and a determination to achieve excellence. In return we offer the opportunity to make an immediate contribution to a rapidly growing business. The salary and benefits will reflect the importance we attach to these positions.

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Experience: No experience required.

Knowledge of languages: Candidates must have a perfect knowledge of English and have a thorough knowledge of French or German and of one other official language of the European Communities (including French or German).
Place of Employment: Brussels, Luxembourg or any other place of Commission activity.

Applications must be made on the official application form which, together with the notice of competition, can be obtained by writing, preferably on a postcard, to: Commission of the European Communities, Recruitment Division, rue de la Loi 200, 1049 Brussels.
Please quote the number of the competition COM/LA/565 or COM/LA/566.
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144, Conway Street, Birkenhead L41 6JE.
Closing date 9th July 1987 — Ref.FT25

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COMMODITIES AND AGRICULTURE

NZ cattle head for Venezuela

By Dai Hayward in Wellington

WHAT IS claimed to be the largest ever shipment of thoroughbred cattle anywhere in the world has left New Zealand for Venezuela.

The 2,500 pregnant dairy cows have been specially bred from NZ friesian mothers and purebred imported Sahiwal sires to produce an animal that is resistant to tropical diseases, heat and animal ticks, which are common in South America.

The cattle are intended to improve the quality and the quantity of Venezuelan dairy herds.

Pakistan Tea

PAKISTAN has announced a new tea import policy, saying 70 per cent of imports will in future be made through the State Trading Corporation of Pakistan, reports Reuter from Islamabad. No more than one-third of the remaining 30 per cent allocated to the private sector will be permitted to come from any one country.

The new policy was announced some three months after the Government suspended import licences and ordered an inquiry into tea purchase policy.

Japanese rice

JAPAN, UNDER intense pressure from the US to liberalise its rice market, plans to cut the price it pays to growers for the first time in 31 years, reports Reuter from Tokyo. But Mr Mutsuki Kato, the Agriculture Minister, said the Government had no plans to scrap its ban on rice imports.

Fijian sugar

THE FIJI Sugar Corporation has advised cane farmers to stop harvesting at once and is laying off all mill workers until July 31, Mr Lyle Cupit, the chairman, said, reports Reuter from Suva. Resumption of the crush, halted because of mill stoppages and sabotage attempts, would then be reconsidered, he added.

WEEKLY METALS

ALL PRICES as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,300-2,350 (2,350-2,390).

...BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse, 2.95-3.10 (3.00-3.10).

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 1.55-1.60 (same), sticks, 1.55-1.60 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.55-6.75 (6.65-6.85).

MERCURY: European free market, min 9.99 per cent, $ per flask, in warehouse, 245-255 (250-260).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.65-2.72 (2.65-2.72).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 5.50-6.10 (same).

TUNGSTEN ORE: European free market, stand min 65 per cent, $ per tonne unit WO_3 cif, 48-55 (same).

VANADIUM: European free market, min 98 per cent V_2O_5 cif, 2.62-2.68 (2.60-2.65).

URANIUM: Nuexco exchange value, $ per lb U_3O_8, 17.00 (same).

'Conservation' package fills Brussels vacuum

BY TIM DICKSON IN BRUSSELS

NOTWITHSTANDING the progress apparently being made in Brussels last night to resolve the EC's farm price deadlock, the European Commission yesterday published details of "conservation" measures which will apply to Community farm policy for the rest of this week.

In the absence of a political accord for the beginning of the new marketing year, which begins today, the Commission has imposed a freeze on all levies, payments, and prices in the relevant regimes.

More significantly, the Brussels executive body has suspended the system of "pre-fixations" under which traders can bid for export restitutions (or subsidies) and variable import levies and use them at a later date. This is to stop speculation in the current political vacuum where there is no agreed prices package.

The actions were largely predicted but a spokesman indicated that failing an accord by the EC Farm Council by the end of the week, the Commission's next move might well be to implement unilaterally the proposals for cuts in its latest compromise.

Without any guaranteed Community purchases in the cereals or butter regimes at present—butter intervention was suspended on Monday in line with guidelines agreed by agriculture ministers earlier this year—the disruption to these markets is likely to be minimal in the short term.

Kuwait studies pipeline options

BY ANGELA DIXON IN KUWAIT

NEGOTIATIONS ON a proposal for a pipeline to carry Kuwaiti oil across Saudi Arabia to the Red Sea are at an advanced stage.

This will be the first time that Kuwait has moved its crude in this way. Until recently, its 22-vessel tanker fleet has been sufficient for the transportation of crude and products, but since last summer Kuwaiti shipping has been the target of attacks by Iran.

Shaikh Ali Al Khalifa Al Sabah, Kuwait's oil minister, said recently that the pipeline project was to be funded by the six-nation Gulf Co-operation Council, and was thus not an exclusively Saudi-Kuwait project.

Kuwait has two oil terminals in the Arabian Gulf, one at Mina Ahmadi, south of Kuwait City, and an offshore one at Sea Island.

Two proposed routes are understood to be under discussion at present for the pipeline, which is to carry Kuwaiti crude and three products.

One, parallel to Saudi Arabia's existing east/west line, would require the construction of a spur line from Kuwait south to meet up with it, and would bring the total length of the pipeline to 920 miles. The Saudis have ruled out the possibility of spiking Kuwait's crude into the existing line, as they require any extra capacity as a strategic reserve.

Kuwait is believed to have developed the technology to render its high-sulphur crude compatible with Arabain oils.

The second possibility at present being discussed is an 860-mile line from Kuwait across the peninsula via Tabuk to a terminal at Duba on the Red Sea coast to the north of Yanbu.

This route would have the advantage of being shorter than the Yanbu one. However, there is a serious obstacle, which might be expensive to overcome. Rights of way are not cleared on the route, and there is extensive private property along the way.

The pipeline will have a capacity of 250,000 b/d of crude, and 290,000 b/d of products. At the chosen terminal, tanks with a capacity of 1.125m barrels will be erected.

If the Duba route is chosen, the crude will be loaded by a trestle loading facility, while at Yanbu loading would be carried out from a single-point mooring buoy.

The proposed pipeline will be the latest in a series of recently-constructed lines across the Arabian peninsula. In addition to Saudi Arabia's east/west line, Iraq has two trans-Arabian pipelines. One of these has just been completed, while the second is at present being negotiated with a consortium of contractors, which includes Japan Gasoline Co (JGC), Consolidated Contractors Company (Conco Kuwait) and West Germany's Mannesman. The two Iraqi pipelines will run parallel to each other.

Kuwait has begun to shuttle crude in its own tankers to a point outside the Strait of Hormuz on the Fujairah coastline on the east of the UAE. Some of its customers are believed to prefer this arrangement, for which they pay a premium on the crude to cover freight and insurance costs incurred in transferring the crude outside the Straits.

Aid sought for oil independents

BY NANCY DUNNE IN WASHINGTON

A GROUP of Republican and Democratic legislators have thrown their weight behind a package of proposals designed to cut costs for the ailing US independent petroleum industry.

The National Petroleum Security Act of 1987, introduced by Senator Phil Gramm and Congressman Beau Boulter, both Texas Republicans, would make changes in the tax codes to encourage exploration, decontrol natural gas prices at the wellhead and ease expensive requirements of the environmental protection agency.

Oil drilling in the US reached its lowest level since the Second World War last year when only 17 per cent of the 3,800 drilling rigs were in operation. Production has increased slightly as oil prices have risen, but there are still only 77 rigs in production in the entire country.

Although several legislators have considered proposing oil import taxes as a means to boost domestic production, the independents rejected the idea. The Gatt council found a small oil import fee illegal last week and any larger tax would be bound for controversy.

The bill would require the managers of the strategic petroleum reserve to buy 50 per cent of their oil from domestic sources and it would give a tax credit of 10 per cent for the first $10m in exploration and marginal production expenses.

Mr Raymond Hefner, chairman of the Independent Petroleum Association, said that although the proposed legislation would not solve all the industry's troubles, it would send a signal to investors and the banking community "that Washington is serious about maintaining the fiscal health of the industry and bolstering our national energy security."

However, the proposals will run into difficulty with the tax-writing committees which hope to wait at least a year to evaluate the effects of last year's reform before tinkering further with the tax code.

Japanese buy Philippines copper

RECENT METAL market talk that Japanese smelters were short of copper were confirmed yesterday when Sumitomo Corporation and Marubeni Corporation signed spot contracts with Philippines Associated Smelting and Refining Corporation for shipment between August and September.

Officials of the two Japanese groups said the move was in anticipation of tightness in domestic supplies, reports Rueter from Tokyo.

Japanese smelters have reduced copper production to 85 per cent of capacity since 1984 because of falling demand. But now domestic demand is rising. The officials projected average monthly Japanese copper demand in the July-September period at 78,000 tonnes, up from 75,000 tonnes in the April-June period. One of them said the tightness in supplies might intensify towards the end of this year.

The state-owned Philippines corporation produces about 138,000 tonnes of copper a year and exports mainly to Japan, South Korea and Taiwan.

Growing profits in Chile's forests

BY MARY HELEN SPOONER IN SANTIAGO

CHILE'S FORESTRY industry is undergoing a rapid expansion as domestic and foreign investors discover the sector's potential.

Export earnings from forestry products grew from $334.6m in 1985 to $403.1m last year and this year several international companies have signed multi-million dollar joint venture agreements with Chilean forestry companies.

Tasman Forestry, a subsidiary of New Zealand's Fletcher Challenge, recently announced it would buy half of a $123m paper plant with the Compania Manufacturera de Papeles y Cartones (CMPC), Chile's largest paper producer. Another New Zealand company, Carter Holt Harvey, signed an agreement with the Angelini business group to invest $30m in a project to export medium density fibre boards, and also to help the group finance $164m of a $250m outstanding debt.

Japan's Mitsubishi Corporation is supplying 70 per cent of a $19m investment in a timber processing plant with Forestales Colcurra, another Chilean forestry company.

The National Forestry Institute estimates that as much as 16 per cent of Chilean territory, or 12.1m hectares, could produce timber.

General Augusto Pinochet's military regime, despite its laissez faire economic philosophy, has used state subsidies to encourage the industry since 1974, when forestry exports more than tripled from the $36.4m registered in the previous year.

Since then an average of 62,000 hectares have been reforested annually, mostly in radiata pine, which was brought from California's Monterrey peninsula. According to Mr Italo Rossi, who heads the forestry department of the Fundacion Chile, a Santiago research and development institute, radiata pine matures in an average of 20 years in Chile, compared with an average of 35 to 40 years in the US.

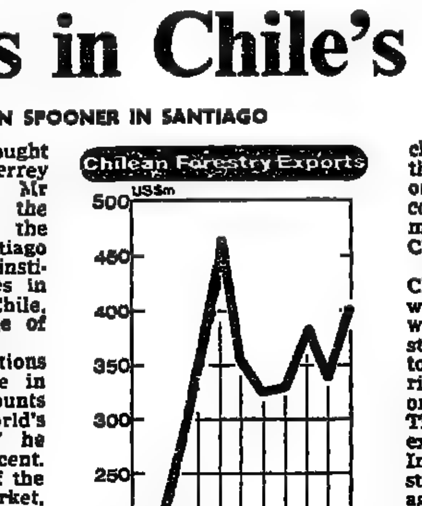
"The growing conditions here are similar to those in New Zealand, which accounts for 34 per cent of the world's radiata pine plantations," he said. "Chile has 36 per cent. Given the enormous size of the world forestry products market, it makes sense for the two countries to co-operate on some level."

Last year a forestry investment committee was formed with representatives from Chile's major timber and paper products companies and from five government agencies. The committee was established as part of a $750m World Bank structural adjustment programme.

Chile's Association of Timber Producers predicts that the country's forestry exports should reach around $1bn a year by the end of the century, given adequate investment in processing plants.

Despite the promising outlook for the industry, the recent history of some of the major Chilean companies has been stormy. Industrias Forestales SA (Inforsa), a large paper and pulp company, was recently the focus of a bitter bankruptcy suit filed by Spain's Banco Exterior and the Manuel Tejedor Isidro (MIT) business group.

The company, a subsidiary of



the Compania Manufacturera de Papeles y Cartones (CMPC), had originally been part of Chile's BHC conglomerate, a financial group the fortunes of which paralleled the country's shortlived economic boom and subsequent foreign debt crisis.

BHC joined with the Spanish group in a $140m cellulose plant in southern Chile in 1981 — a project which was plagued with cost overruns and engineering problems. Two years later the Pinochet regime took administrative control of Inforsa, along with a handful of other private companies and banks judged to be in danger of financial collapse.

Last year CMPC bought 77 per cent of Inforsa's shares, only to have the purchase challenged by Chile's Newspaper Publishers' Association, which charged that the sale would give the company a dangerous corner on the newsprint market. The country's anti-monopoly commission eventually ruled in CMPC's favour.

Once in control of Inforsa, CMPC objected to the project with MIT, complaining that work on the plant had been stalled for a year and that the total cost of completion would rise to more than triple the original estimated expenditure. The Banco Exterior, which had extended a $50m guarantee to Inforsa and MIT for the project, started bankruptcy proceedings against Inforsa.

An appeal court later suspended the proceedings and CMPC and the Spanish group eventually reached an agreement whereby the Chilean company would play Banco Exterior $35m in exchange for dropping the suit. Inforsa executives estimate the company lost an equivalent of $100,000 during the five days the company was officially bankrupt.

Despite the problems surrounding CMPC and Inforsa, the interest of foreign investors in the sector suggests that the Chilean forestry industry has a promising future.

In addition to the areas reforested in radiata pine and other species, Chile has about 7.6m hectares in native forest available for exploitation. The Chilean Forestry Institute calculates that with current rates of planting, the country will need some $3bn in plant investments over the next decade just to process the timber produced —from an average of 9m cu metres per year to over 40m cu metres by the end of the century.

LONDON MARKETS

ALUMINIUM continued to outshine the London Metal Exchange's other base metals markets yesterday, though in what dealers described as comparatively thin trading conditions. At £918.75 a tonne the cash standard aluminium price added £12.25 to Monday's £9.50 advance. But whereas Monday's rise had been aided by sterling's weakness yesterday's was held back by the firmness of the pound against the dollar. The currency factor made itself felt on the cocoa and coffee markets, however, and both finished lower on the day. September delivery cocoa futures closed at £1,321.50 a tonne, having lost £12 of Monday's £18 currency based gain. The July position, which becomes deliverable today, came under even more pressure and closed £18 down at £1,341.50 a tonne. Dealers said fairly heavy tendering of physical cocoa against the July contract was anticipated. July delivery coffee suffered a similar fate with the price falling £11.50 to £1,232.50 a tonne, while the September position got off fairly lightly with a £4 fall.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial (close p.m.) $ per tonne	+ or —	High/Low
Cash	—	—	—
3 months	1567-70	+20.5	1569/567

Official closing (am): Cash —— (——), three months 1565-65 (1546-9), settlement —— (——). Final Kerb close: ——. Ring turnover: 2,000 tonnes.

99.5% purity	£ per tonne		
Cash	918-19.5	+12.25	916.5/916
3 months	899-9.5	+7.75	899/894

Official closing (am): Cash 916-6 (907-7.5), three months 895-5.5 (882-2.5), settlement 916 (907.5). Final Kerb close: 898-7. Ring turnover: 6,900 tonnes.

COPPER

Grade A	Unoffic'l close £ per tonne	+ or —	High/Low
Cash	991-2	+2.75	993/992
3 months	981-2	+1.25	984.5/980

Official closing (am): Cash 991-2 (988-8.5), three months 984-4.5 (983-9), settlement 992 (998.5). Final Kerb close: 980.5-81.

Standard			
Cash	987-90	-4.5	—
3 months	967-70	-4.5	—

Official closing (am): Cash 988-9 (985-9), three months 984-4.5 (978-8), settlement 989 (999). US producer prices 74-78.5 cents per lb. Total Ring turnover 36,875 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	389-9.5	-0.75	392/389
3 months	374-4.5	+0.75	375.5/373

Official closing (am): Cash 392-3 (393.75-4), three months 375-5.5 (376-7), settlement 393 (394). Final Kerb close: 374-4.5. Ring turnover 9,475 tonnes. US Spot 37-38 cents per lb.

NICKEL

	Unofficial close (p.m.) £per tonne	+ or —	High/Low
Cash	2735-40	-40	2756/2740
3 months	2785-6	-37	2810/2780

Official closing (am): Cash 2739-40 (2785-90), three months 2780-5 (2820-5), settlement 2740 (2790). Final Kerb close: 2775-80. Ring turnover 894 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	527-8	-4.5	528/527
3 months	508-8.5	-6.25	512/507.5

Official closing (am): Cash 527.5-8 (531-2), three months 507-8 (513.5-4), settlement 528 (532). Final Kerb close: 507-8. Ring turnover: 7,275 tonnes. US Prime Western: 47.5-48.5 cents per lb.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.	Puts Nov.
Aluminium 99.7%	—	—	—
	—	—	—
	—	—	—

		Calls July	Calls Sept.	Puts July	Puts Sept.
Aluminium 99.5%	1,425	63	57	4	24
	1,450	44	42½	9	35
	1,475	27	30½	36	48
Copper (Grade A)	1,550	50	58	8	30½
	1,575	35	45	15½	41½
	1,600	21½	33½	28	56
Copper (Grade A) £/tonne	950	44	46	3½	13½
	975	24½	31	9½	22½
	1,000	10	17½	21½	35½

Estimates.

TIN

KUALA LUMPUR TIN MARKET: Close 16.45 (16.45) ringgit per kg.

GOLD

GOLD BULLION (fine ounce)	June 30	
Close	$446½-447	(£277-277½)
Opening	$447¼-447¾	(£447¼-477¼)
M'n'g fix	$447.10	(£277.874)
Aft'n'n fix	$447.30	(£277.085)
Day's high	$447½-478	—
Day's low	$446-446½	—

GOLD AND PLATINUM COINS		
Am Eagle	$459-464	(£284¾-287¾)
Mapleleaf	$458-461	(£284-285¾)
Kr'g'r'nd	$446-449	(£276½-278½)
½ Krug	$233½-234½	(£144¾-145½)
¼ Krug	$117-118	(£72½-73¼)
Angel	$456½-459½	(£283-285)
1/10 Angel	$44¼-49¼	(£27½-30½)
New Sov	$105-106	(£65-65¾)
Old Sov	$105-106½	(£65-66)
Noble Plat	$569-579	(£352¾-359)

INDICES

REUTERS

June 30	June 29	M'th ago	Year ago
1629.1	1631.4	1617.9	1462.7

(Base: September 18 1931=100)

DOW JONES

Dow Jones	June 29	June 26	M'th ago	Year ago
Spot	126.69	126.64	—	125.21
Fut	124.45	124.94	—	112.33

(Base: December 31 1974=100)

MAIN PRICE CHANGES

	June 30 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1565/585	+10	$1518/550
Copper			
Cash Grade A	£991.5	+2.75	£916.50
3 months	£981.5	+1.25	£895.75
Gold troy oz	$446.75	-2.50	$453.25
Lead Cash	£389.25	-0.75	£365.5
3 months	£374.25	+0.75	£349.25
Nickel			
Free Mkt	201/221c		194/214c
Palladium oz	$138.25	+0.25	$140.00
Platinum oz	$561.50	-5.50	$572
Quicksilver†	$245/255		$260/270
Silver troy oz	443.50p	+9.45	486.15p
3 months	453.65p	+9.75	495.65p
Tin			
free Mkt	$4120/150	-30	£4140/180
Tungsten	$58.16		$51.47
Wolfram 22.0lb	$48/55		$48/50
Zinc	£527.5	-4.5	£492.5
3 months	£508.25	-4.25	£485.5
producers	$860		$790/846
OILS			
Coconut (Phil)	$510z	-10	$415
Palm Malayan	‡		$347.5
Seeds			
Copra (Phil)	$290y		$290
Soyabean (U.S.)	$157.5	+3	$152.5
GRAINS			
Barley Fut. Sept	£95.65	+0.80	£97.95
Maize	£159.00	-0.5	£149.00
Wheat Fut. Nov	£101.1	+0.50	£101
No. 2 Hard Wint	‡		‡
OTHERS			
Cocoa Ft. Sept	£1321.5	-12.0	£1362.5
Coffee Ft. Sept	£1271.0	-5.5	£1398.5
Cotton A Ind.*	80.70c		79.40c
Gas Oil Aug	$161.12	-0.125	$153.5
Rubber (kilo)	66.75p	+0.05	63.75p
Sugar (raw)	$171.0	-7.4	$177
Wooltops 64s	475p kilo		455p kilo

‡ Unquoted. † Per 76 lb flask. c Cents a pound. * Cotton outlook. v July. z Sept/Oct. x July/Aug. y Aug.

SILVER

Silver was fixed 9.45p an ounce higher for spot delivery in the London bullion market yesterday at 443.5p. US cent equivalents of the fixing levels were: spot 714.2c, up 18.95c; three-month 726.95c, up 19.45c; six-month 740.4c, up 19.5c; and 12-month 767.25c, up 20.75c. The metal opened at 445½-447½p (715-718c) and closed at 442-444p (713-716c).

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	443.50p	+9.45	445.00p	+11.0
3 months	453.65p	+9.75	454.50p	+11.5
6 months	463.75p	+9.85	—	—
12 months	483.60p	+10.2	—	—

LME—Turnover: 4 (18) lots of 10,000 oz.

COFFEE

London Robusta continued to work within its recently established range reports Drexel Burnham Lambert. The afternoon session was dominated with switch activity particularly the July/September, trading out to £35.00 discount ahead of first notice day. Outright levels closed steady with late short-covering and a firmer New York market.

COFFEE	Yesterday close	+ or —	Business done
July	1232-1233	-11.5	1246-1225
Sept	1270-1272	-0.55	1275-1258
Nov	1293-1294	-02.5	1297-1285
Jan	1315-1318	—	1318-1303
Mar	1335-1340	+07.5	1340-1327
May	1358-1360	+14.0	1355-1347
July	1370-1380	+20.0	1375

Sales: 5,558 (3,780) lots of 5 tonnes. ICO indicator prices (US cents per pound) for June 29 Comp. daily 1979 97.69 (97.20); 15-day average 100.22 (100.88).

COCOA

In fairly active trading values today were held in a £20.00 range and ended the afternoon session near the lows. Light producer interest was seen but consumers were absent and apparently awaiting more favourable levels, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or —	Business done
July	1359-1360	+16.0	1362-1346
Sept	1333-1334	+18.0	1337-1325
Dec	1358-1359	+19.0	1362-1350
March	1374-1375	+16.0	1379-1376
May	1391-1392	+14.5	1367-15g
July	1308-1409	+12.5	1415-140
Sept	1423-1424	+15.0	1429-142

Sales: 12,943 (4,700) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for June 30 1626.24 (1631.68); 10-day average for July 1 1595.06 (1587.52).

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo June 22			
July	807/808	819/805	821
Oct.	867/868	875/861	875
Jan.	864	875/864	875/878
Apr.	898/900	916/899	920
July	780/790	—	790
Oct.	900	890	890
Jan.	820	—	885
April	1040	1040/1023	1060
BFI.	891.5	—	901

GRAINS

Old crop wheat again eased on speculative selling pressure, closing on the day's lows of £1.80 down. New crops after early commission house and country hedge selling, improved from early lows of 10p down to close with buyers on the day's highs, reports T. G. Roddick.

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
July	119.30	-1.80	—	—
Sep.	99.35	+0.60	95.65	+0.80
Nov.	101.10	+0.50	98.60	+0.50
Jan.	104.10	+0.85	101.15	+0.50
Mar.	106.45	+0.80	103.25	+0.40
May	109.20	+0.80	104.90	+0.20
July	111.30	+0.75	—	—

Business done—Wheat: July 120.00-119.20, Sept 99.30 only, Nov 101.10-100.50, Jan 104.15-103.60, May 109.00 only. Sales: 193 (224) lots of 100 tonnes. Barley: Sept 95.65-95.20, Nov 98.60-98.10, Jan 100.70 only, March 103.00-102.90, May 105.00 only. Sales: 20 (21) lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No. 2 14 per cent July 94.00, August 93.50, Sept 93.25; US No. 2 Soft Red Winter July 84.50, August 86.00, Sept 88.00; French 11½-12 per cent June 130.00; English Feed fob Sept 100.00 seller, Oct/Dec 103.50-104.00, Jan/March 108.00-108.50, April/June 112.00-112.50 buyer/sellers; Maize: US No. 3 Yellow/French transhipment East Coast July 159.00; Barley: English Feed fob August 96.00-97.25 buyer/sellers, Sept 98.50, Oct/Dec. 103.50, Jan/March 106.50 sellers. Rest unquoted.

US MARKETS

Crude oil held centre stage again and provided the main impetus for the precious metals. A rumour of an explosion at the US embassy in Kuwait, since denied, prompted good trade buying which took the crude oil futures to new highs where commission-houses sold and locals took profits, briefly depressing prices before the trade again began to buy and locals covered shorts. In the gold, silver and platinum, silver took the lead following the oil as local, commission-house buying touched off stops in the face of trade scale-up selling. In copper, the liquidation in the July position yesterday led to many traders being nervously short, and today, this resulted in steadier prices as they covered. Trade and fund buying steadied sugar following an earlier decline on sell stops. Arbitrage and commission-house selling eased cocoa prices before trade buying emerged to rally the market. Cotton closed steady on trade buying despite commission-house selling. In the grains and soyabean complex, the markets staged a recovery following recent easier trends. Commission-house and local buying was sufficient to steady prices despite forecasts of rains and, in the corn, light export business to Mexico. Soyabean meal was under pressure for most of the day, despite the absence of deliveries against the spot July, as a result of weaker cash premiums in south America. The hog and cattle futures traded indifferently in advance of the hog and cattle census reports. However, pork bellies traded lower as stops were hit as nervous trading continued in advance of the pig-crop report, reports Drexel Burnham Lambert.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
July	69.25	69.25	—	—
August	68.40	68.40	—	—
Sept	69.25	68.90	69.50	68.80
Dec	68.45	68.10	67.80	67.80
Jan	68.45	68.10	—	—
March	68.45	68.10	—	—
May	68.45	68.10	—	—
July	68.45	68.10	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
July	1966	1997	1966	1965
Sept	1987	2008	2010	1981
Dec	2007	2013	2078	2005
March	2034	2038	2040	2027
May	2056	2068	2062	2050
July	2087	2081	—	—
Sept	2107	2101	—	—

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
July	72.25	70.80	72.40	70.95
Aug	71.90	70.65	—	—
Sept	71.45	70.45	71.50	70.85
Dec	70.85	69.50	70.50	69.85
Jan	70.20	69.25	—	—
March	69.70	68.75	69.80	68.90
May	69.20	68.35	69.50	68.90
July	69.00	68.15	68.65	68.45
Sept	68.90	68.15	68.45	68.45
Dec	68.10	68.35	—	—

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
July	76.20	75.25	76.90	75.50
Oct	73.10	72.75	74.00	72.75
Dec	71.90	71.66	72.50	71.50
March	72.27	72.25	72.90	72.25
May	72.60	72.36	73.15	72.60
July	72.90	72.62	73.20	72.80
Oct	66.75	66.85	66.85	66.85

CRUDE OIL (LIGHT) 42,000 US gallons $/barrels

	Latest	Prev	High	Low
Aug	20.30	20.35	20.53	20.21
Sept	20.10	20.17	20.30	20.00
Oct	20.08	20.12	20.22	19.98
Nov	20.04	20.08	20.20	19.93
Dec	20.09	20.06	20.15	19.95
Jan	20.05	20.04	20.09	19.93
Feb	20.05	20.03	20.09	19.98
March	20.05	20.02	20.08	19.95
April	20.05	20.01	20.05	19.98

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
July	449.4	446.6	448.0	445.0
Aug	452.2	449.4	452.6	447.5
Sept	454.8	—	451.2	451.2
Oct	457.8	454.7	458.0	453.0
Dec	462.9	460.0	463.7	458.3
Feb	467.5	465.8	469.0	465.0
April	474.0	471.1	—	—

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
July	54.10	53.37	54.10	52.95
August	53.70	53.73	54.10	53.30
Sept	54.55	54.58	55.05	54.05
Oct	55.40	55.38	55.95	54.90
Nov	56.20	56.15	56.50	55.80
Dec	57.00	56.90	57.35	56.40

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
July	130.50	130.00	130.50	129.10
Sept	125.30	123.70	125.30	124.50
Nov	121.00	120.55	121.10	120.50
Jan	120.20	119.30	120.20	118.90
March	121.00	120.20	121.00	121.00
May	120.50	120.20	—	—
July	120.50	120.20	—	—

PLATINUM 50 troy oz, $/troy oz

	Latest	Prev	High	Low
July	562.8	562.6	566.0	549.0
Oct	560.3	559.5	564.0	555.0
Jan	567.3	566.5	570.0	564.3
April	573.0	573.3	573.0	573.0
July	581.0	580.1	—	—
Oct	589.0	587.1	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
July	731.2	710.0	733.0	700.0
August	736.7	714.7	—	—
Sept	741.0	720.0	742.0	707.0
Dec	755.5	734.7	758.0	722.0
Jan	760.1	739.3	—	—
March	770.0	749.2	765.0	752.0
May	780.2	759.1	790.9	760.0
July	790.6	769.2	789.0	774.0
Sept	800.5	779.2	—	—

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
July	6.66	6.60	6.70	6.38
Sept	6.92	6.90	6.96	6.75
Oct	6.97	6.97	6.99	6.72
Jan	7.15	7.18	—	—
March	7.38	7.35	7.40	7.20
May	7.58	7.48	7.57	7.40
July	7.72	7.65	7.73	7.50
Oct	7.82	7.86	7.94	7.65

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
August	63.30	63.27	63.50	63.20
Oct	61.67	61.27	61.70	61.27
Dec	63.30	63.05	63.40	63.00
Feb	64.40	64.10	64.47	64.02
April	65.23	64.97	65.25	64.85
June	64.40	64.33	64.50	64.30
August	63.70	64.00	64.05	63.90

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
July	57.30	56.50	57.40	56.45
Aug	53.10	52.95	53.25	52.40
Oct	44.45	43.82	44.50	43.90
Dec	44.45	44.07	44.50	43.82
Feb	42.35	42.10	42.40	41.25
April	39.70	39.90	39.80	39.50
June	41.30	41.45	41.20	40.70
July	41.70	41.70	41.70	41.25
Aug	39.90	39.95	40.00	39.60

MAIZE 5,000 bu min, cents/56 lb-bushel

	Close	Prev	High	Low
July	179.4	178.2	180.0	178.4
Sept	186.4	184.4	186.4	184.2
Dec	191.4	189.4	191.6	189.2
March	199.0	197.2	199.2	196.6
May	202.6	201.2	203.6	201.0
July	204.0	202.2	204.4	203.0
Sept	202.4	200.6	203.0	201.6

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
July	72.97	73.70	74.40	72.30
August	69.32	70.80	71.00	69.00
Feb	59.17	59.32	60.00	57.65
March	57.32	58.02	58.65	57.30
May	59.00	59.30	59.05	59.00

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
July	538.2	534.0	537.0	532.0
Aug	541.6	539.0	542.2	536.2
Sept	543.4	539.0	544.4	540.0
Nov	550.4	546.4	551.4	544.4
Jan	559.0	554.2	560.0	554.0
March	568.2	564.2	568.4	562.4
May	576.0	571.0	579.4	571.4
July	576.0	572.4	577.0	575.0

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
July	170.9	170.7	172.0	170.0
Aug	167.8	168.5	169.5	166.5
Sept	166.0	166.7	167.0	165.0
Oct	164.7	165.7	166.5	164.5
Dec	166.2	167.0	167.5	165.3
Jan	168.0	167.7	168.0	167.0
March	171.0	171.0	171.0	170.0
May	169.5	168.5	169.0	170.0
July	170.0	169.5	172.0	170.0
Aug	169.5	170.0	169.0	170.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
July	16.49	16.21	16.60	16.00
Aug	16.69	16.40	16.80	16.28
Sept	16.95	16.64	16.97	16.55
Oct	17.11	16.85	17.15	16.75
Dec	17.63	17.13	17.60	17.05
Jan	17.60	17.30	17.60	17.40
March	17.90	17.90	17.90	17.71
May	18.15	17.79	18.15	18.00
July	18.35	18.00	18.35	18.25

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	Prev	High	Low
July	258.2	254.4	257.2	253.0
Sept	263.2	262.2	264.0	261.4
Dec	271.0	270.6	273.2	267.0
March	275.6	275.2	277.2	274.2
May	268.0	268.0	272.0	268.0
July	262.4	262.0	265.0	260.4

SPOT PRICES: Chicago loose lard 15.75 (same) cents per pound. Handy and Harman silver bullion 715.00 (706.50) cents per troy ounce. New York tin 307-11 (309-12) cents per pound. Uetsoin etaoin etaoin etaoin etaoin

POTATOES

Now that long-awaited fine weather has arrived, and the physical market has fallen as anticipated, futures lost for fresh direction. Short-term dry forecast perhaps encouraging profit-taking buying interest. With liquidity limited, gains of over 60p on the day were registered with recovery of over £1.00 from the days lows.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov	89.30	88.70	89.00-88.20
Feb.	99.00	98.50	—
Apr.	126.30	125.70	126.20-125.10
May	140.30	138.50	—

Sales: 409 (520) lots of 40 tonnes.

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—July		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.30-17.35	-0.025
Brent Blend	19.00-19.05	-0.175
W.T.I. (1pm est)	20.35-20.40	-0.10
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	195-198	—
Gas Oil	157-159	-1.0
Heavy fuel Oil	106-107	—
Naphtha	170-172	—

* August.

Petroleum Argus estimates

SOYABEAN MEAL

Further professional liquidating and commercial selling caused another weak session. Prices drifted lower throughout closing on a weak tone although the nearby positions were relatively steadier, reports Muirpace.

	Yesterd'ys close £ per tonne	+ or —	Business done
August	132.0-132.6	-2.05	133.0
October	130.5-131.0	-2.50	131.0
Dec	130.5-131.0	-1.90	132.0-130.0
Feb	132.8-133.4	-2.40	133.0
April	133.5-134.5	-2.75	134.0
June	132.0-134.0	-2.00	—
August	134.5-134.5	-1.25	—

Sales: 343 (292) lots of 20 tonnes.

SUGAR

No. 6 Contract	Yest'rdy's close	Previous close	Business done
	$ per tonne		
Aug	152.0-152.4	151.0-151.4	152.0-148.6
Oct	155.6-156.0	155.2-155.6	156.4-152.2
Dec	157.0-157.6	163.2-164.2	160.4-160.4
Mar	164.8-165.8	163.8-164.4	164.8-161.0

Sales: 3,617 (1,173) lots of 50 tonnes.

LONDON DAILY PRICE—Raw sugar $171.00 ($178.40), down $7.40 (up $6.20) a tonne for July/August delivery. White sugar $181.00 (down $3.80).

Tate and Lyle delivery price for granulated basis sugar was £210.50 (£216.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for June 29: Daily price 6.49 (6.49); 15-day average 6.46 (6.45).

GAS OIL FUTURES

Month	Yesterd'ys close US$ per tonne	+ or —	Business done
July	158.375	—	159.25-57.00
Aug	161.125	—	162.00-58.50
Sept	163.625	—	164.00-61.00
Oct	166.125	—	167.00-65.75
Nov	168.25	—	167.05-66.50

Turnover: 3,906 (——) lots of 100 tonnes.

Beamish museum 'best in Europe'

BEAMISH Open Air Museum near Durham has been voted Europe's premier museum by an international panel of judges.

Beamish won the award in competition with over 70 other museums throughout Europe, from Norway to Turkey.

The European Museum of The Year Award is administered from England and has a panel of European judges who assessed each museum for its collections, methods of presentation, standard of housekeeping, publicity and public relations, atmosphere, shop, public amenities and business efficiency.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar easier, pound firm

THE DOLLAR finished below the day's highs but remained within its recent narrow trading range. Economic statistics provided a firmer undertone while comments from US officials on the detrimental effect of high interest rates on the US economy tended to inject a note of caution.

Dealers were also wary of attracting Bank intervention to slow down any rise in the dollar and speculators remained keenly aware that the size of the US trade and budget deficits did not warrant a higher dollar.

Economic statistics released yesterday included a 0.7 per cent May rise in leading economic indicators. This was much in line with expectations while a revision for the April figure from a 0.6 per cent fall to a 0.2 per cent rise helped to improve sentiment.

The dollar touched a high of DM1.8325 and Y147.20 against the D-Mark and yen respectively before closing at DM1.8255 and Y146.75, down from DM1.8305 on Monday against the D-Mark but unchanged in terms of the yen. Elsewhere it closed at SFr1.5150 from SFr1.5220 and FFr6.09 compared with FFr6.1075. On Bank of England figures, the dollar's exchange rate index fell from 102.4 to 102.3.

STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.4710. May average 1.6665. Exchange rate index 72.3 against 72.0 at the opening and 71.8 on Monday. The six months ago figure was 68.5.

Sterling showed a steady recovery as confidence slowly returned after the post election shake out. Investors viewed sterling as something of a bargain which accounted for the steady inflow of funds. Economic fundamentals provided a favourable background although there was still a slight trace of apprehension, given sterling's recent sharp fall.

Against the dollar it rose to $1.6135 from $1.6010 and DM 2.9450 from DM 2.9305. It was also stronger against the yen at Y236.75 from Y235.0. Elsewhere the pound improved to SFr 2.4450 from SFr 2.4325 and FFr 9.8250 from FFr 9.7775.

D-MARK—Trading range against the dollar in 1987 is 1.9385 to 1.7690. May average 1.7887. Exchange rate index 147.0 against 148.5 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed at DM 1.8299 up from DM 1.8280 on Monday. The US unit was confined to a narrow range during the day. There was sufficient demand to push it firmer but insufficient impetus to overcome longer term concern about the US economy and fears of central bank intervention.

Trading volume was relatively low in the face of the month and half year end. In addition traders were also aware of the reduced US participation ahead of the long weekend for Independence Day. US leading economic indicators rose by 0.7 per cent in May from a 0.2 per cent rise in April while May factory orders were unchanged from April.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. May average 140.55. Exchange rate index 217.6 against 209.4 six months ago.

Continued demand pushed the dollar up to Y147.20 at one point in Tokyo. This was its highest level for three months and although not sustained, the US unit still finished firmer at Y146.75 compared with Y146.70 in New York and Y146.60 in Tokyo on Monday.

The dollar's recent stability was seen as the reason behind the increase in overseas demand for US bonds. This created additional demand for the dollar. However, some traders were a little cautious and undecided on whether the dollar's recent stability would last, given the underlying economic problems affecting confidence in the US unit.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu June 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0117	+1.30	+0.80	± 1.5344
Danish Krone	7.85212	7.86263	+0.13	−0.37	± 1.6404
German D-Mark	2.05853	2.07288	+0.70	+0.20	± 1.0981
French Franc	6.90403	6.91563	+0.17	−0.33	± 1.3674
Dutch Guilder	2.31943	2.33240	+0.56	+0.06	± 1.5012
Irish Punt	0.768411	0.773758	+0.70	+0.20	± 1.6684
Italian Lira	1483.58	1501.61	+1.22	+1.22	± 4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

June 30	Latest	Previous Close
£ Spot	1.6115-1.6125	1.6000-1.6010
1 month	0.25-0.24 pm	0.29-0.27 pm
3 months	0.75-0.72 pm	0.81-0.78 pm
12 months	2.22-2.12 pm	2.55-2.40 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	June 30	Previous
8.30 am	72.0	71.8
9.00 am	72.1	71.8
10.00 am	72.1	71.8
11.00 am	72.2	71.7
Noon	72.2	71.7
1.00 pm	72.2	71.8
2.00 pm	72.2	71.8
3.00 pm	72.3	71.8
4.00 pm	72.3	71.8

CURRENCY RATES

June 30	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.79980	0.704028
U.S. Dollar	5.5	1.2780	1.13278
Canadian $	7.90	*	1.51000
Austrian Sch.	4	16.4469	14.5721
Belgian Franc	7½	48.5489	43.0117
Danish Krone	7	8.88163	7.86263
Deutsche Mark	3.0	2.3386	2.07288
Neth. Guilder	4½	N/A	2.33240
French Franc	9½	7.80908	6.91563
Italian Lira	11.5	N/A	1501.61
Japanese Yen	2½	187.87	166.519
Norway Krone	8	N/A	7.60436
Spanish Peseta	—	*	143.637
Swedish Krona	7½	*	7.24300
Swiss Franc	3.5	*	1.72126
Greek Drach.	20½	*	155.610
Irish Punt	—	*	0.773758

*CS/SDR rate for June 29: 1.70474

CURRENCY MOVEMENTS

June 30	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.3	−22.4
U.S. Dollar	102.3	−4.8
Canadian Dollar	77.9	−10.6
Austrian Schilling	137.8	+10.3
Belgian Franc	99.90	−4.6
Danish Krone	92.3	+2.7
Deutsche Mark	147.0	+21.7
Swiss Franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French Franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

June 30	£	$
Argentina	[illegible]	[illegible]
Australia	[illegible]	[illegible]
Brazil	[illegible]	[illegible]
Finland	[illegible]	[illegible]
Greece	[illegible]	[illegible]
Hong Kong	12.5890-12.5980	7.8095-7.8105
Iran	116.10*	71.40*
Korea (Sth)	1288.80-1300.50	805.60-812.20
Kuwait	0.45600-0.45700	0.28270-0.28280
Luxembourg	61.10-61.20	37.85-37.95
Malaysia	4.0735-4.0785	2.5270-2.5285
Mexico	2161.30-2183.60	1341.00-1354.00
N. Zealand	2.7130-2.7180	1.6840-1.6860
Saudi Ar.	6.0505-6.0560	3.7500-3.7510
Singapore	3.4140-3.4175	2.1180-2.1190
S. Af. (Cm)	3.2945-3.3100	2.0470-2.0515
S. Af. (Fn)	5.3775-5.5630	3.3335-3.4485
Taiwan	49.55-49.80	31.05-31.15
U.A.E.	5.9255-5.9310	3.6725-3.6735

*Selling rate

POUND SPOT—FORWARD AGAINST THE POUND

June 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.95
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.72
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.85
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.65
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−0.54
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−0.75
W. Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.26
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−5.95
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−7.45
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.03
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−5.04
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.61
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.32
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.17
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.82
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.21

Belgian rate is for convertible francs. Financial franc [illegible].

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

June 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.95
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.09
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.25
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.87
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.49
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−2.22
W. Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.36
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−7.95
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−4.83
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−2.99
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−7.13
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.36
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.63
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.22
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.95
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.30

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

June 30	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Fin.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Con.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: Two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

June 30	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.614	2.945	236.8	9.825	[illegible]	[illegible]	[illegible]	[illegible]	61.15
$	0.620	1.	1.826	146.8	6.090	[illegible]	[illegible]	[illegible]	[illegible]	37.90
DM	0.340	0.548	1.	80.39	3.336	[illegible]	[illegible]	[illegible]	[illegible]	20.76
YEN	4.224	6.815	12.44	1000.	41.50	[illegible]	[illegible]	[illegible]	[illegible]	258.3
F Fr.	1.018	1.642	2.997	241.0	10.	[illegible]	[illegible]	[illegible]	[illegible]	62.24
S Fr.	0.409	0.660	1.204	96.83	4.018	1.	[illegible]	[illegible]	[illegible]	25.01
H Fl.	0.302	0.487	0.888	71.42	2.964	[illegible]	[illegible]	[illegible]	[illegible]	18.45
Lira	0.469	0.756	1.381	111.0	4.606	[illegible]	[illegible]	[illegible]	[illegible]	28.67
C $	0.466	0.752	1.373	110.3	4.579	[illegible]	[illegible]	[illegible]	[illegible]	28.50
B Fr.	1.635	2.639	4.816	387.2	16.07	[illegible]	[illegible]	[illegible]	[illegible]	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilts and bonds improve

LONG TERM gilts and US Treasury bonds were firmer on the London International Financial Futures Exchange yesterday, but bonds finished near the lowest level of the day.

Gilts and short term sterling deposit futures were supported by an improvement in the value of sterling, which rose 1¼ cents to $1.6135 and also gained ground against the D-Mark.

Long term gilts for September delivery opened stronger at 122-24, and touched a low of 122-23, before rising to a peak of 123-12, and closing at 123-04, compared with 122-13 on Monday.

Three-month sterling deposit futures rose on increased optimism about lower UK interest rates, as the pound gained ground. September three-month deposits opened at 90.82, and closed at 90.88, compared with 90.79

Dollar denominated contracts suffered in afternoon from a weakening of the dollar and possibly from the comment by Mr Beryl Sprinkel, chairman of the White House Council of economic advisers, that a continued tightening of monetary policy could jeopardise US economic growth. This renewed fears that the Reagan Administration will allow a further decline of the currency.

US economic figures had little impact. May leading indicators rose 0.7 per cent in May, compared with a revised 0.2 per cent in April. The May rise was the second largest this year and the fifth increase in six months, but was little different from forecasts of around 0.5 per cent to 0.6 per cent.

September US Treasury bonds opened at 92-02, and touched a high point of 92-14, before closing at 91-26,

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
116	7.17	7.50	0.09	0.50
118	5.30	6.16	0.22	1.16
120	3.54	4.57	0.46	1.57
122	2.34	3.46	1.26	2.46
124	1.33	2.48	2.25	3.48
126	0.54	1.62	3.46	4.62
128	0.27	1.25	5.19	6.23
130	0.34	0.58	7.06	7.58

Estimated volume total, Calls 1,731 Puts 1,596
Previous day's open int: Calls 25,187 Puts 16,850

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
84	7.62	7.30	0.10	0.38
86	6.11	5.57	0.23	1.01
88	4.25	4.32	0.37	1.40
90	2.62	3.21	1.10	2.29
92	1.46	2.24	1.58	3.32
94	0.57	1.40	3.05	4.48
96	0.27	1.05	4.39	6.13
98	0.11	0.44	6.23	7.52

Estimated volume total, Calls 15 Puts 10
Previous day's open int: Calls 1,573 Puts 551

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last July	Puts—Last June	Puts—Last July
22750	9.24	11.17	1.84	3.77
23000	7.50	9.60	2.60	4.70
23250	5.97	8.18	3.57	5.78
23500	4.65	6.90	4.75	7.00
23750	3.54	5.76	6.14	8.36
24000	2.63	4.77	7.73	9.87
24250	1.91	3.90	9.51	11.50
24500	1.38	3.16	11.45	13.26

Estimated volume total, Calls 15 Puts 7
Previous day's open int: Calls 158 Puts 62

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last July	Aug	Sept	Dec	Puts—Last July	Aug	Sept	Dec
1.45	—	—	16.25	16.25	—	—	0.04	0.39
1.50	11.25	11.25	11.25	11.25	0.00	0.05	0.23	1.05
1.55	6.25	6.27	6.51	7.26	0.02	0.43	0.91	2.27
1.60	1.85	2.67	3.25	4.37	0.70	1.85	2.65	4.38
1.65	0.22	0.82	1.29	2.35	4.07	4.98	5.69	7.36
1.70	0.01	0.16	0.30	1.20	8.86	9.32	9.70	11.21
1.75	0.00	0.02	0.06	0.53	13.85	14.18	14.46	15.54

Estimated volume total, Calls 10 Puts 50
Previous day's open int, Calls 662 Puts 1,800

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last July	Aug.	Sept.	Dec.	Puts—Last July	Aug.	Sept.	Dec.
1.45	—	—	12.70	12.90	—	—	1.50	2.70
1.50	11.00	11.00	11.00	11.10	0.20	0.35	0.50	1.20
1.55	6.00	6.10	6.30	7.10	0.25	0.70	1.10	2.55
1.60	1.60	2.55	3.30	4.25	0.95	2.10	2.75	4.50
1.65	0.35	0.85	1.20	2.30	4.55	5.40	6.05	7.50
1.70	0.20	0.25	0.55	1.20	9.50	9.80	10.20	11.30
1.75	0.20	0.35	0.50	1.20	14.30	14.80	15.30	16.50

Previous day's open int: Calls 36 Puts 0
Volume: 87

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last July	Aug.	Sept.	Dec.	Puts—Last July	Aug.	Sept.	Dec.
1.600	1.55	2.45	2.75	3.95	0.35	1.55	2.30	4.05
1.625	0.45	1.40	1.90	—	1.60	3.05	3.85	—
1.650	0.05	0.60	1.10	2.35	3.55	4.75	5.45	6.95
1.675	—	0.30	—	1.70	6.25	6.85	—	8.75
1.700	0.05	0.10	0.35	1.20	8.75	9.05	9.35	—
1.725	—	0.05	0.20	0.75	11.00	11.45	11.75	12.75
1.750	—	—	0.10	0.55	13.75	13.95	14.05	14.95

Previous day's open int: Calls 130968 Puts 71433
Previous day's volume: Calls 3042 Puts 110

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last Sept.	Dec.	Mar.	June	Puts—Last Sept.	Dec.	Mar.	June
91.25	1.35	1.20	1.14	—	0.01	0.13	0.28	—
91.50	1.10	0.99	0.96	—	0.01	0.17	0.35	—
91.75	0.87	0.81	0.80	—	0.05	0.24	0.44	—
92.00	0.65	0.64	0.65	—	0.06	0.32	0.54	—
92.25	0.45	0.49	0.52	—	0.11	0.42	0.66	—
92.50	0.29	0.36	0.40	—	0.20	0.54	0.79	—
92.75	0.17	0.26	0.30		0.33	0.69	0.94	—

Previous day's open int: Calls 1,713 Puts 1,902
Estimated volume, Calls 0 Puts 6

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
June	—	—	—	—
Sept.	123-04	123-12	122-23	122-13
Dec.	123-00	—	—	122-09

Estimated volume 27,971 (27,125)
Previous day's open int. 29,696 (27,252)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev.
June	—	—	—	—

Estimated Volume 0 (0)
Previous day's open int. 0 (0)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Sept.	90.88	90.89	90.80	90.79
Dec.	90.83	90.85	90.76	90.72
Mar.	90.75	90.75	90.70	90.64
June	90.68	90.69	90.68	90.59
Sept.	90.54	—	—	90.46

Estimated Volume 4,604 (10,485)
Previous day's open int. 15,354 (15,405)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
June	228.20	—	—	228.10
Sept.	234.90	—	—	234.00
Dec.	234.40	—	—	230.50

Estimated volume 1,928 (1,530)
Previous day's open int. 8,475 (8,580)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Sept.	92.59	92.65	92.58	92.45
Dec.	92.37	92.38	92.31	92.17
March	92.11	92.18	92.09	91.96
June	91.92	91.96	91.90	91.77
Sept.	91.73	91.75	91.70	91.59
Dec.	91.56	91.51	91.51	91.42
Mar.	91.41	91.31	91.31	91.27

Estimated volume 6299 (5765)
Previous day's open int. 25,284 (26855)

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	91-26	92-14	91-25	91-09
Dec.	90-28	—	—	90-11

Estimated Volume 5,244 (6,020)
Previous day's open int. 4,707 (4,258)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6135	1.6107	1.6057	1.5997	1.5899

IMM—STERLING $ per £

	Latest	High	Low	Prev
Sept.	1.6055	1.6085	1.6035	1.5940
Dec.	1.5995	1.6020	1.5995	1.5875
Mar.	1.5935	1.6020	—	1.5835

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept.	1.6060	1.6025	1.5975	1.5954
Dec.	1.5999	—	—	1.5892
Mar.	1.5948	—	—	1.5838

Estimated volume 55 (12)
Previous day's open int. 700 (689)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Sept.	91-28	92-09	91-26	91-31
Dec.	90-31	91-10	90-29	91-01
Mar.	90-01	90-11	90-01	90-05
June	—	—	—	89-10
Sept.	—	—	—	88-17
Dec.	87-25	88-01	87-25	87-27
Mar.	—	—	—	87-07
June	—	—	—	86-21
Sept.	—	—	—	86-04
Dec.	—	—	—	85-21
Mar.	—	—	—	85-06

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sept.	93.92	93.95	93.89	93.92
Dec.	—	93.75	93.67	93.69
Mar.	93.49	93.54	93.49	93.48
June	93.32	93.35	93.31	93.30
Sep.	—	—	—	93.13
Dec.	—	—	—	92.91
Mar.	—	—	—	92.76

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep.	0.6646	0.6660	0.6626	0.6627
Dec.	0.6706	0.6721	0.6677	0.6688
Mar.	—	0.6775	0.6745	0.6749
June	—	—	—	0.6804

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Sept.	0.6854	0.6860	0.6837	0.6863
Dec.	0.6912	0.6912	0.6898	0.6916
Mar.	—	—	—	0.6980
Jun.	—	—	—	0.7046

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Sept.	0.5513	0.5520	0.5495	0.5508
Dec.	0.5566	0.5561	0.5545	0.5556
Mar.	—	—	—	0.5608

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Close	High	Low	Prev.
Sept.	92.60	92.65	92.58	92.56
Dec.	92.32	92.39	92.30	92.28
Mar.	92.12	92.20	92.10	92.07
June	91.92	92.00	91.91	91.88
Sept.	91.73	91.81	91.73	91.70
Dec.	91.54	91.61	91.53	91.52
Mar.	91.36	91.44	91.36	91.35
June	91.22	91.27	91.22	91.20

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Sept.	310.00	310.35	309.15	309.85
Dec.	312.35	312.50	311.50	312.15
Mar.	314.60	314.60	313.90	314.30
June	316.60	316.60	316.00	316.40

MONEY MARKETS

UK rates steady

INTEREST RATES were little changed in quiet trading on the London money market yesterday. The recovery of sterling prevented any further upward pressure on rates, and overall the market was quiet and steady. Three-month interbank was unchanged at 9¼-9⅛ per cent.

UK clearing bank base lending rate 9 per cent since May 8

The Bank of England initially forecast a money market shortage of £850m, but revised this to £1,050m at noon, and to £950m in the afternoon.

Total help on the day was £1,065m. Before lunch the authorities bought £240m bills outright, by way of £3m Treasury bills in band 1 at 8⅞ per cent; £27m bank bills in band 1 at 8⅞ per cent; £5m local authority bills in band 2 at 8⅞ per cent; £187m bank bills in band 2 at 8⅞ per cent; and £18m bank bills in band 3 at 8⅞ per cent.

In the afternoon the Bank of England purchased another £600m bills outright, through £77m bank bills in band 1 at 8⅞ per cent; £6m local authority bills in band 2 at 8⅞ per cent; £436m bank bills in band 2 at 8⅞ per cent; and £81m bank bills in band 3 at 8⅞ per cent.

Late assistance of £225m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £804m, with Exchequer transactions aborbing £100m. These outweighed a fall in the note circulation adding £45m to liquidity, and bank balances above target of £20m.

In Frankfurt call money touched the emergency Lombard funding rate of 5 per cent, and several bank were reported to have used the Lombard facility, rather than seek funds in the money market.

This reflected tight credit conditions at the end of the month, but call money is expected to fall back to a more normal level of about 3.60 per cent within the next day or so.

The end of month shortage has been increased by pension payments of about DM 10bn, and a trend among commercial banks to have large cash holdings for middle of year balance sheets.

The West German Bundesbank offered liquidity to the market, through a 35-day securities repurchase agreement, at a minimum rate of 3.50 per cent. Repurchase agreements usually run for 28 days, but after tomorrow's Bundesbank council meeting there will be a holiday period until July 30, during which time the council will not have an opportunity to adjust credit conditions, and the pact announced yesterday will run beyond that meeting, until August 5.

Tomorrow's meeting is not expected to result in any change of policy.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 30) 3 months U.S. dollars		6 months U.S. dollars	
bid 7⅛	offer 7¼	bid 7⅜	offer 7½

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds	
Prime rate	[illegible]	One month	4.70
Broker loan rate	[illegible]	Two month	5.55
Fed. funds	[illegible]	Three month	5.86
Fed funds at intervention	[illegible]	Six month	5.72
		One year	6.22
		Two year	7.55
		Three year	7.76
		Four year	7.94
		Five year	8.09
		Seven year	8.26
		10 year	8.37
		30 year	8.49

June 30	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.0
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7½
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

LONDON MONEY RATES

June 30	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month 8⅝ per cent; three-months 8⅝ per cent; Bank Bills (sell): one-month 8⅝ per cent; three months 8⅝ per cent; Treasury Bills: Average tender rate of discount 8.7617 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 30, 1987. Agreed rates for period June 26 to August 25, 1987, Scheme I: 10.47 p.c., Schemes II & III: 10.37 p.c. Reference rate for period May 30 to June 30, 1987, Scheme IV: 8.940 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9 per cent from July 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8⅝ per cent; three-six months 9 per cent; six-nine months 9¼ per cent; nine-12 months 9¼ per cent; Under £100,000 8 per cent from June 24. Deposits withdrawn for cash 5 per cent.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY JUNE 29 1987					FRIDAY JUNE 26 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	133.82	+0.7	123.93	123.45	3.20	132.86	122.27	122.88	141.44	99.92	83.64
Austria (16)	85.79	−0.2	79.44	81.43	2.31	85.94	79.09	81.43	101.62	85.71	86.25
Belgium (47)	120.86	−0.4	111.92	113.56	4.22	121.39	111.71	113.45	123.62	96.19	80.16
Canada (127)	128.10	+0.2	118.62	123.69	2.35	127.86	117.67	123.37	136.17	100.00	99.28
Denmark (39)	117.35	−0.8	108.67	110.65	2.51	118.29	108.86	110.84	124.10	98.18	94.82
France (122)	106.59	+0.3	98.71	102.12	2.76	106.33	97.85	101.61	121.82	98.39	83.27
West Germany (90)	96.94	−0.3	89.77	92.25	2.03	97.21	89.46	92.28	100.33	84.00	73.89
Hong Kong (45)	124.92	+0.4	115.68	125.22	2.89	124.41	114.49	124.70	125.92	96.89	70.24
Ireland (14)	131.78	+1.0	122.03	126.87	3.54	130.44	120.04	125.21	131.86	99.50	90.78
Italy (76)	98.29	−1.1	91.02	97.34	1.86	99.39	91.46	98.20	112.11	94.76	79.28
Japan (458)	142.69	−3.1	132.14	132.37	0.51	147.21	135.48	136.09	161.28	100.00	82.07
Malaysia (36)	171.34	+0.0	158.66	166.27	2.28	171.30	157.65	166.21	172.55	98.24	84.89
Mexico (14)	247.82	−1.2	229.49	362.67	0.63	250.85	230.85	366.56	268.91	99.72	49.77
Netherland (38)	122.52	+0.5	113.46	115.25	3.85	121.88	112.17	114.20	122.52	99.65	89.82
New Zealand (27)	98.27	−0.2	91.00	88.24	3.10	98.47	90.62	88.29	100.59	83.93	74.48
Norway (24)	138.57	+0.8	128.32	126.11	2.00	137.53	126.57	124.84	140.05	100.00	101.95
Singapore (27)	146.71	+0.6	135.86	143.47	1.76	145.88	134.25	142.52	146.71	99.29	77.14
South Africa (61)	157.70	+0.4	146.03	116.88	3.52	157.12	144.59	116.45	186.74	100.00	78.74
Spain (43)	123.93	+0.8	114.77	118.86	3.32	122.96	113.15	117.60	123.93	100.00	81.94
Sweden (33)	113.51	−0.2	105.11	107.33	2.17	113.74	104.67	107.26	124.68	90.85	88.71
Switzerland (51)	98.77	−0.5	91.46	93.20	1.85	99.28	91.37	93.22	104.06	92.01	84.58
United Kingdom (334)	149.02	−0.5	137.99	137.99	5.15	149.82	137.88	137.88	153.12	99.65	101.92
USA (591)	125.71	+0.0	116.41	125.71	2.68	125.70	115.68	125.70	126.68	100.00	104.91
Europe (927)	121.75	−0.3	112.74	114.77	2.82	122.17	112.43	114.64	122.29	99.78	88.62
Pacific Basin (687)	141.62	−2.8	131.15	131.62	0.68	145.75	134.13	135.03	158.77	100.00	81.77
Euro—Pacific (1614)	133.71	−1.9	123.82	124.87	1.46	136.36	125.49	126.88	143.65	100.00	84.48
North America (718)	125.83	+0.0	116.52	125.61	2.66	125.82	115.79	125.60	126.70	100.00	104.61
World Ex. US (1816)	133.84	−1.8	123.94	124.90	1.52	136.35	125.48	126.80	143.38	100.00	84.91
World Ex. UK (2073)	128.85	−1.2	119.32	124.07	1.90	130.45	120.05	125.39	133.61	100.00	91.89
World Ex. So. Af. (2346)	130.46	−1.2	120.81	125.39	2.02	132.01	121.48	126.59	135.02	100.00	92.82
World Ex. Japan (1949)	124.93	−0.1	115.69	121.88	2.86	125.03	115.07	121.80	125.15	100.00	97.84
The World Index (2407)	130.64	−1.2	120.97	125.35	2.03	132.17	121.63	126.54	135.15	100.00	92.74

Base values: Dec 31, 1986 = 100

Prices for Austria for June 29 were not available

Latest prices unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series		Aug 87 Vol.	Last	Nov 87 Vol.	Last	Feb 88 Vol.	Last	Stock
GOLD C	$440	3	20.50B	28	35	—	—	$447
GOLD C	$460	3	9	75	23.50	—	—	"
GOLD C	$480	—	—	32	16	14	25.50	"
GOLD P	$370	—	—	50	0.60	—	—	"
GOLD P	$400	—	—	4	4.20	1	8	"
GOLD P	$440	30	9	79	15.50	—	—	"
GOLD P	$460	—	—	3	24.50	12	26.50	"
		Sep 87		Dec 87		Mch 88		
SILVER C	$700	—	—	12	110	—	—	$715
SILVER C	$800	—	—	4	85	—	—	"
SILVER C	$1000	5	20	—	—	—	—	"
SILVER P	$700	6	45	—	—	1	70	"
		Jul 87		Aug 87		Sep 87		
$/Fl. C	Fl.200	—	—	2	6.70	860	7.80	Fl.205.72
$/Fl. C	Fl.205	1600	2	5	3.30	3	4.50	"
$Fl. C	Fl.210	—	—	5	1.20	8	1.90	"
$Fl. P	Fl.205	7	1.30	—	—	290	4.30	"
		Dec 87		Mch 88		Jun 88		
$/Fl C	Fl.200	4	8.30	—	—	—	—	Fl.205.72
$/Fl C	Fl.205	75	5.90	68	7	—	—	"
$/Fl C	Fl.210	4	3.50	—	—	3	6	"
$/Fl C	Fl.215	10	2	10	3.50	10	4.40	"
$/Fl P	Fl.195	3	2.80	—	—	—	—	"
$/Fl P	Fl.200	40	4.50	—	—	—	—	"

		July 87 Vol.	Last	Oct 87 Vol.	Last	Jan 88 Vol.	Last	Stock
ABN C	Fl.480	319	8.50	69	20.40	—	—	Fl.483.50
ABN P	Fl.480	93	5	51	19	2	20.50	"
AEGON C	Fl.90	200	5.30	14	8	9	9.50	Fl.94.50
AEGON P	Fl.85	67	0.20	—	—	—	—	"
AHOLD C	Fl.110	—	—	128	2.20	8	3.30	Fl.104.80
AHOLD P	Fl.100	18	0.80	37	3.80	6	4	"
AHOLD C	Fl.95.50	110	9.50B	8	10.50A	10	11	"
AHOLD P	Fl.95.50	—	—	35	1.80	—	—	"
AKZO C	Fl.150	1773	7.20	493	12.50	127	15.70	Fl.156.20
AKZO P	Fl.150	103	1	431	4	18	5.60	"
AMEV C	Fl.65	62	1.30	27	3.60A	—	—	Fl.65.20
AMEV P	Fl.65	—	—	63	3.50B	—	—	"
AMRO C	Fl.80	363	1.30	382	3.20	96	5.20	Fl.78.40
AMRO P	Fl.75	5	0.70	46	2.20	108	3.10	"
ELSEVIER C	Fl.56	207	0.90	106	3	—	—	Fl.53.90
ELSEVIER P	Fl.54	16	1.80	40	4	—	—	"
GIST-BROC. C	Fl.45	66	1.60	33	4	11	5	Fl.46
GIST-BROC. P	Fl.45	71	0.80	61	2.50	111	3.20	"
HEINEKEN C	Fl.180	85	3	34	8.50	3	12	Fl.179.50
HEINEKEN P	Fl.180	45	3.20	56	6.80	—	—	"
HOOGOVENS C	Fl.40	272	4.80	85	6.30	2	7.80	Fl.44.30
HOGOVENS P	Fl.45	37	1.50	38	3.40	161	4.40	"
KLM C	Fl.50	465	1.70A	201	3.10	44	4.50	Fl.50.70
KLM P	Fl.50	27	0.80	122	2.80	6	3.70	"
NEDLLOYD C	Fl.150	181	5.90	575	10.10B	1	13.50	Fl.153.50
NEDLLOYD P	Fl.150	2	2	32	6.40	—	—	"
NAT.NED. C	Fl.80	25	0.30	103	1.80A	37	3.10	Fl.73
NAT.NED. P	Fl.75	30	2.40	86	4.80	17	3.10	"
PHILIPS C	Fl.55	216	0.30	670	1.90	218	3	Fl.51.60
PHILIPS P	Fl.50	295	0.40	130	1.80	111	2.80	"
ROYAL DUTCH C	Fl.270	3194	6.40	966	11.60	29	14.50	Fl.273.80
ROYAL DUTCH P	Fl.260	379	0.60	923	4.40	81	7.30	"
UNILEVER C	Fl.140	1063	1	561	5.90	34	8.50	Fl.136.80
UNILEVER P	Fl.132	372	0.60	133	2.50	96	4	"

TOTAL VOLUME IN CONTRACTS: 55,077

A = Ask B = Bid C = Call P = Put

FT-ACTUARIES WORLD INDICES

Indices for Australia, Hong Kong and the UK, have been reinstated as a result of adjustments made to data on April 16 and April 27 this year. The effect of these adjustments in terms of last Friday's local currency indices is as follows:— Australia, up 0.35 per cent; Hong Kong, up 3.78 per cent; UK, up 1.09 per cent. A full list of amendments from April 16 to date for these countries and their composite indices can be obtained on request by writing to FT Prices Ltd, Tower Bridge House, 198-204 Tower Bridge Road, London, SE1 2UN.

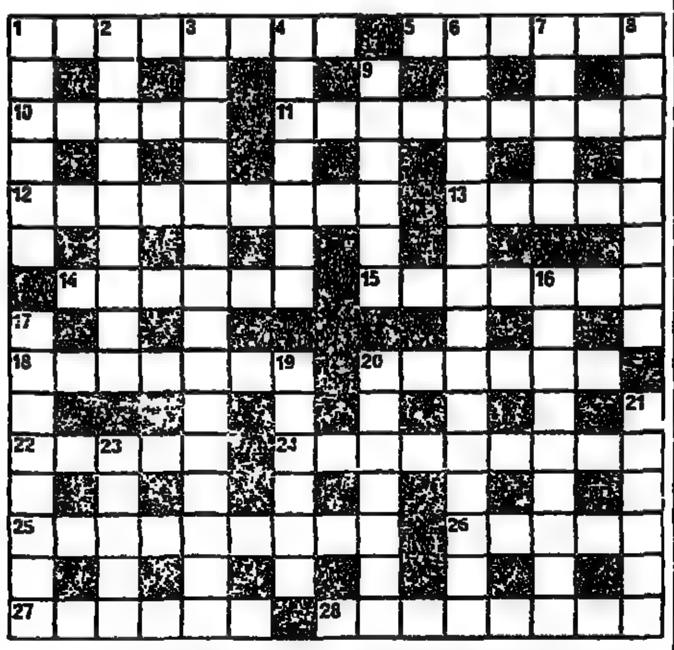
MONTHLY AVERAGES OF STOCK INDICES

	June	May	April	March
Financial Times				
Government Securities	91.75	92.43	90.64	90.33
Fixed Interest	98.21	97.83	96.95	96.16
Ordinary	1,759.8	1,674.1	1,554.7	1,596.3
Gold Mines	385.6	428.7	447.2	362.7
SEAQ Bargains (5p.m.)	48,405	47,665	41,476	52,085
F.T.—Actuaries				
Industrial Group	1173.72	1117.78	1030.89	1056.64
500 Share	1261.63	1196.58	1099.21	1117.67
Financial Group	785.00	734.98	684.91	686.62
All-Share	1132.34	1072.67	988.850	1003.00
FT-SE 100	2265.8	2148.7	1972.07	2006.7

	June High	June Low
Ordinary	1,801.7(17th)	1,724.3(2nd)
All-Share	1,158.35(17th)	1,103.11(4th)
FT-SE 100	2,320.4(17th)	2,214.2(4th)

FT CROSSWORD PUZZLE No. 6,366

QUARK



ACROSS

1 Where horticultural training is provided? (8)
5 Female head responsible for order in building (6)
10 Pinched what artist has done (5)
11 Girl after wild animal spotted plant in Japan (5,4)
12 Sink anger about a common creeper (4-5)
13 Eastern lime tapped for this resin? (5)
14 Return confused and receive little (6)
15 It's a sign one has got round after crops gathered (7)
18 Judge, upper-class man, proved argument false (7)
20 Girl ripe for a song (6)
22 Handed out money (about a pound) for a patterned cloth (5)
24 Famous person has meals but certainly not port (9)
25 So Tim Rice plays "Measure for Measure?" (9)
26 Half of beer in another drink—from the wood? (5)
27 To provide relief (6)
28 Old cricketer, Dexter, confined in conference? (8)

DOWN

1 Last flower to remain in existence? (6)
2 One who brings action from a simple row (9)
3 This won't help in seeing first part of 28 (15)
4 Tax certificate in short could be just a part (7)
6 One B.A. boss turned out—cut off from retreat (6,4,5)
7 Drive out one left in the river (5)
8 High-flying chaplain? (3,5)
9 Concedes matches (6)
16 Man with printing unit in smart stable (9)
17 Pencil in the centre (8)
19 Remove 23 and win affection? (6)
20 Risk a beginner in the church? (7)
21 Provide extra finish, one of a sum (6)
23 Sailor to round on doctor? It's certainly threatening (1-4)

Solution to Puzzle No. 6,365

LIFELESS POETIC
A A O H P A H
DETAILED OPENER
D C N B E R G I
ETHOS ENTRENOUS
R A E C S T
UNISON HOSTILE
S C A O N N
PIERCES CURING
I R H A O C
TERRITORY COCOA
H O L W E O E R
EAGLET ENTRANCE
A U G N E C E
DIETED DEARDEAR

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80 Holdenhurst Rd, Bournemouth 0345 717373

AEtna Unit Trusts Ltd(a)(b)(c)
401 St John St, London EC1V 4QE

Brown Shipley & Co Ltd (a)(g)
9-17 Perrymount Rd, Haywards Hth 0444 412262/3/4/5

Brycourt Unit Trust Mgmt Ltd(a)(c)(d)

Buckmaster Management Co Ltd (a) (c)
The Stock Exchange, London EC2P 2JT

Burrage Unit Trust Mngmt Ltd
117 Fenchurch St, London EC3M 5AL

CCL Unit Trusts Limited
74, Shepherds Bush Green, Ldn, W12 8SO 01-740 7070

CS Fund Managers Limited

FS Investment Managers Ltd
190 West George St, Glasgow 041-332 6462

Fidelity Investment Services Ltd
River Walk, Tonbridge TN9 1DY

Robert Fleming & Co Ltd
25 Copthall Ave, London EC2R 7DR 01-638 5858

Henderson Administration—Contd.

Hesmoss Unit Trust Managers Ltd

Hexagon Services Ltd
20 Western Rd, Romford RM1 3LB 0708 45322

Highcliffe Unit Trust Management Limited
65, High St, Lymington, Hants. SO41 9AL 0590 71234

Hill Samuel Unit Tst. Mgrs.† (a)(z)
NLA Tower Addiscombe Road, Croydon 01-686 4355

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2060

American Growth	120.8	109.0	+0.2	0.61
(Accum Units)	214.2	120.8	-0.1	0.61
British Blue Chip Fund	51.7	54.7	-0.1	2.27
(Accum Units)	51.7	54.7	-0.1	2.27
American Sm Cos Fd	52.5	55.5	-0.1	0.44
(Accum Units)	52.5	55.5	-0.1	0.44
American Income	52.4	55.4	+0.1	3.30
(Accum Units)	57.2	60.5	----	3.30
European Growth	143.5	151.8	----	0.72
(Accum Units)	148.5	157.1	----	0.72
European Income	80.0	84.6	----	3.62
(Accum Units)	83.9	88.7	----	3.62
General	367.7	389.1	----	1.95
(Accum Units)	610.8	646.3	----	1.95
Gilt	89.1	89.5	----	7.48
(Accum Units)	106.0	106.5	----	7.48
Global Fund	49.2	52.0	+0.2	0.70
(Accum Units)	49.2	52.0	-0.2	0.70
High Interest Fund	47.3	50.0	----	9.02
(Accum Units)	47.7	50.5	----	9.02
High Income Fund	52.4	55.4	+0.2	4.73
(Accum Units)	52.8	55.9	+0.2	4.73
Income	120.7	127.7	----	3.58
(Accum Units)	138.4	146.4	----	3.58
International	297.2	314.4	----	1.20
(Accum Units)	371.8	393.4	----	1.20
Japan	206.7	218.7	----	0.56
(Accum Units)	212.2	224.5	----	0.56
Pacific Fd	53.3	56.4	+0.5	0.10
(Accum Units)	53.3	56.4	+0.5	0.10
Recovery	306.4	324.2	----	2.10
(Accum Units)	333.3	352.6	----	2.10
UK Smaller Co's Fd	52.4	55.4	+0.4	1.80
(Accum Units)	52.4	55.4	+0.4	1.80
Exempt May 27	352.2	361.2	----	2.29
(Accum Units)	551.6	565.7	----	2.29

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	60.8	64.6	-0.1	4.64
Accum Units	60.8	64.6	-0.1	4.64
UK Growth Fund Acc	62.2	66.1	-0.3	1.51
Global Income Fund	49.7	52.8	+0.1	3.78
Accum Units	49.7	52.8	+0.1	3.78
Global Growth Fund	45.6	48.0	-0.5	0.51

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst	78.9	83.4	+0.7	0.37
Holborn Equity Income	71.6	75.4	+0.4	3.41
Holborn Equity Tst	583.9	617.8	+1.5	2.19
Holborn European Tst	115.8	122.5	-0.4	0.68
Holborn Gilt Tst	214.8	223.7	-0.1	2.13
Holborn High Inc Tst	86.4	91.4	+0.5	4.72
Holborn Intl Grth Tst	116.8	123.5	-0.7	0.71
Holborn Japanese Tst	228.0	236.5	-3.7	0.04
Holborn N. Amer. Tst	92.4	97.7	-0.2	0.50
Holborn Sm Cos Tst	77.0	81.5	+0.6	2.43
Holborn Spec Sits Tst	100.3	106.1	+0.4	1.79
Holborn UK Growth Tst	115.3	122.0	----	1.53

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	659.1	697.8	----	1.57
Quadrant Income	332.9	352.2	----	4.07
Quadrant Intl. Fund	449.0	475.2	----	1.05
Quadrant Spec. Sits	428.2	453.2	----	1.48

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510035

British Life	239.4	254.5	-0.7	2.26
Reliance Unit Tst (Inc)	164.7	175.1	-0.1	1.85
Reliance Ut Tst (Acc)	221.6	235.6	+0.1	1.85

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool 051-227 2030

Internat. Growth Trust	49.8	52.4	-0.3	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2983/4

NC America (Inc)	324.1	344.7	-0.5	0.80
NC America (Acc)	351.9	376.4	-0.5	.80
NC Inc Fd	125.9	133.9	+0.2	2.81
NC Japan Fd	201.8	214.8	(z)	—
NC Major UK Cos Fd	71.7	76.2	----	1.56
NC Smllr Australasian	89.2	94.8	+0.1	.48
NC Smllr Canadian CoFd	48.6	51.6	-0.2	0.98
NC Smaller Cos	233.2	248.0	+1.8	.92
NC Smaller European	192.5	204.7	-0.1	.46
NC Prop.*	157.2	171.4	----	(z)

*Unauthorised Unit Trusts

Rowan Unit Trust Mngt. (a)

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage 0438 356101

Managed	446.8	470.3		
Property	280.1	294.8		
Equity	556.5	585.8		—
Gilt Edged	367.2	386.5		—
Deposit	203.9	214.6		—
Investment	238.0	249.9		—
International	432.3	455.1	...	—
Pension Fund Prices				
Managed Init.		326.3	...	—
Do. Accum.		398.3	...	—
Property Init.		242.9	...	—
Do. Accum.		296.5		
Equity Init.		423.2	...	—
Do Accum.		516.0	...	—
Gilt-Edged Init.		235.4	...	
Do. Accum.		287.4	...	—
Guaranteed Init.		157.5	...	—
Do. Accum.		192.4	...	—
International Init.		517.8	...	—
Do. Accum.		631.8	...	—
Index Lk. Gilt Init.		137.3	...	—
Do. Accum.		167.6	...	—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	300.2	+0.4	—
Property Pens.	796.7	+2.0	—
Equity	197.0	-0.1	—
Equity Pens.	901.3	-1.4	—
Money Market	309.4	-2.9	—
Money Mkt. Pens.	553.1	-4.3	—
Deposit	256.0	+0.0	—
Deposit Pens.	375.0	+0.1	—
Managed	290.7	+0.3	—
Managed Pens.	862.6	+1.3	—
Intl. Equity	341.8	+0.9	—
Do Pens.	551.9	+2.3	—
Intl Managed	314.5	+0.6	—
Do. Pens.	467.6	+1.3	—
North American	130.5	+0.5	—
Do. Pens.	150.7	+0.9	—
Far East	290.8	-1.7	—
Do. Pens.	421.6	-2.4	—
Intl Currency	174.6	+0.1	—
Do. Pens.	228.3	+0.1	—
Index Linked	128.6	-0.2	—

National Provident Inst.—Contd.

Far East Initial	477.4	502.6	-9.3	—
Far East	570.1	600.2	-11.0	—
Prop. Initial	139.6	147.0	+4.5	—
Prop.	166.9	175.7	+5.4	—
Fixed Int. Initial	189.3	199.3	+0.8	—
Fixed Int.	226.0	237.9	+1.0	—
Indexed Gilt Initial	103.7	109.2	+0.2	—
Indexed Gilt	122.6	129.1	+0.2	—
Deposit Initial	134.2	141.3	—	—
Deposit	161.8	170.4	—	—
NPI Pensions Management Ltd				
Managed Fund	952.7	969.7	+22.9	—

Prices July 1. Next dealing August 3.

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds				
Managed Fund	57.1	60.2	-0.1	—
Stock Market Mgd Fund	58.6	61.7	-0.3	—
Equity Fund	64.1	67.5	-0.1	—
International Fund	54.3	57.2	-0.5	—
European Fund	56.4	59.4	-0.4	—
North American Fund	50.7	53.4	-0.3	—
Pacific Fund	63.2	66.6	-1.2	—
Property Fund	50.6	53.3	—	—
Fixed Interest Funds	50.3	53.0	+0.4	—
Index linked Sec. Fund	45.8	48.3	-0.1	—
Deposit Fund	50.7	53.4	—	—
NUAM Retirement Plans				
Mixed Fund	61.0	64.3	-0.1	—
UK Ordinary Share	72.8	76.7	+0.3	—
International Fund	56.4	59.4	-0.3	—
Property Fund	51.5	54.3	—	—
Fixed Interest Fund	51.7	54.5	-0.4	—
Index Linked Sec Fund	46.0	48.5	—	—
Deposit Fund	52.5	55.3	+0.1	—
NUAM (MF)				
Managed Fund	780.9	822.0	-1.7	—
Equity Fund	1703.8	1793.5	-3.0	—
Property Fund	315.0	331.6	+0.4	—
Fixed Interest Fund	370.2	389.7	+2.3	—
Deposit Fund	206.7	217.6	—	—
International Fund	140.9	148.4	-1.2	—
Index Linked Sec Fund	45.9	48.4	-0.1	—

Norwich Union Life Insurance Soc.

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101⅞	100⅝	Treas. 12pc 1987	100⅞	.....	11.89	8.86
99¼	97	Treas 7¾pc 1985-88‡‡	99 xd	.....	7.78	8.37
102⅛	99	Exch 10½pc '88	101	.....	10.38	9.05
101	98	Treas 9¾pc Cv '88	100½	+	9.70	9.08
96⅞	93	Transport 3pc '78-88	96 xd	+	3.10	6.39
101⅛	98	Treas. 9½pc '88	100	+	9.47	9.14
105	101	Treas 11½pc 1989	103⅜	+	11.12	9.17
102	97	Treas 9¾pc Cnv 1989	100	+	9.44	9.08
94⅛	89⅞	Treas 3pc 1989	93	+	3.20	6.63
104⅞	99	Treas 10½pc 1989	102	+	10.26	9.13
103	98	Exch 10pc 1989	101 xd	+	9.84	9.12
105⅝	100⅝	Exch 11pc 1990	103	+	10.62	9.15
95	89	Treas 5pc 1986-89	94	+	5.29	7.65
106	100⅜	Exch 10¼pcCv '89	104⅛	+	9.81	8.09
111	105⅝	Treas 13pc 1990‡‡	108 xd	+	11.96	9.07
106½	100	Exch 11pc 1990‡‡	104	+	11.57	9.21
110	104	Exch. 12¼pc 1990	107⅛	+	11.61	9.22
91	84½	Treas. 3pc 1990	90	+	3.32	6.78
100	93	Treas 8¼pc 1987-90‡‡	99⅞	+	8.32	8.58
105	97½	Treas. 10pcCv 1990	102	+	9.79	9.22
89	81	Exch 2½pc 1990	88	+	2.84	6.44
110⅝	103	Treas 11¾pc 1991	107 xd	+	10.92	9.16
95	87¼	Funding 5¾pc '87-91‡‡	93	+	6.17	7.85
89	80¼	Treas. 3pc 1991	87⅞	+	3.43	6.75
110⅛	100	Treas 10pc Cv '91 ‡‡	105 xd	+	9.49	8.40
109⅝	101⅞	Exch. 11pc 1991	106	+	10.35	9.18
116	108	Treas 12¾pc 1992‡‡	113⅛ xd	+½	11.28	9.17
106	97	Treas 10pc 1992	103	+	9.69	9.14
99½	95⅝	Treas. 8pc 1992 ‡‡	96	+½	8.15	8.47
108	99	Treas 10½pc Cv 1992‡‡	105	+½	9.982	9.12
		Five to Fifteen Years				
115⅞	106⅛	Exch. 12¼pc '92	112	+	10.93	9.24
121	111⅛	Exch 13½pc 1992	117	+	11.52	9.25
107	97	Treas 10pc 1993‡‡	104	+	9.62	9.09
118	108	Treas 12½pc 1993‡‡	114 xd	+	10.87	9.20
95⅛	82¼	Funding 6pc 1993‡‡	92	+	6.49	7.53
125	114	Treas 13¾pc 1993‡‡	121	+	11.34	9.25
129	119	Treas 14½pc 1994‡‡	125⅝	+	11.55	9.25
124	113	Exch 13½pc 1994 ‡‡	120	+	11.21	9.36
107⅝	97	Treas. 10pc Ln. 1994	104	+	9.59	9.14
120	109	Exch. 12½pc 1994	115	+	10.77	9.35
103⅝	92	Treas 9pc 1994‡‡	99	+	9.03	9.04
118¼	107⅞	Treas 12pc 1995	114 xd	+	10.51	9.33
82	76	Exch 3pc Gas 90-95	80	+	3.69	6.03
109	98	Exch. 10¼pc 1995	105 xd	+	9.72	9.27
123	112	Treas 12¾pc 1995‡‡	119	+	10.66	9.31
130	118	Treas. 14pc '96	125 xd	+	11.12	9.50
102	92	Treas. 9pc 1992-96‡‡	99	+	9.07	9.12
139	126¼	Treas 15¼pc 1996‡‡	134	+	11.39	9.47
127	116	Exch 13¼pc 1996‡‡	122	+	10.77	9.35
89	81¼	Redemption 3pc 1986-96	85	+	3.48	4.58
108	96	Conversion 10pc 1996	104	+	9.62	9.33
128	116½	Treas 13¼pc 1997‡‡	123 xd	+	10.71	9.42
111	100	Exch 10½pc 1997	107	+	9.79	9.34
101	90	Treas 8¾pc 1997‡‡	97	+	9.00	9.15
100	90	Treas. 8¾pc '97 'B' ‡‡	97	+	8.75	8.75
140	126	Exch 15pc 1997	134	+	11.17	9.65
106	95	Exch. 9¾pc 1998	102 xd	+	9.49	9.33
88	78	Treas 6¾pc 1995-98‡‡	85	+	7.91	8.84
145	131	Treas. 15½pc '98‡‡	139	+	11.07	9.59
122	109	Exch. 12pc 1998	117	+	10.22	9.45
106	95	Treas 9½pc 1999‡‡	102 xd	+	9.28	9.15
124	111	Exch. 12¼pc 1999	119½	+	10.25	9.45
113	101	Treas. 10½pc 1999	108	+	9.69	9.31
111	99	Conversion 10¼pc 1999	106	+	9.60	9.31
100¼	94	Tr 8½pc Ln.2000‡‡	95	+	8.92	9.14
103	91	Conversion 9pc 2000‡‡	98	+	9.12	9.17
131¼	117	Treas. 13pc 2000	126 xd	+	10.29	9.44
110	98	Treas 10pc 2001	105	+	9.46	9.24
134	121	Treas. 14pc '98-01	129	+	10.84	9.60
108	96	Conversion 9¾pc 2001	104	+	9.37	9.23
122⅝	110	Exch. 12pc '99-02	117 xd	+	10.19	9.44
110	98	Conversion 10pc 2002	106	+	9.42	9.21
		Over Fifteen Years				
109	96	Treas 9¾pc 2002	104	+	9.35	9.19
103	96	Exch. 9pc 2002	98	+	9.11	9.14
136	123	Treas. 13¾pc 2000-03	131	+	10.45	9.47
111	98	Treas 10pc 2003	106⅝	+	9.37	9.19
121	108	Treas. 11½pc 2001-04	116	+	9.86	9.31
111	98	Treas. 10pc 2004	107	+	9.32	9.14
59	51¼	Funding 3½pc '99-04	57	+	6.08	8.15
107	95	Conversion 9½pc 2004	102	+	9.22	9.13
107	95	Conversion 9½pc 2005	103	+	9.21	9.12

BRITISH FUNDS—Contd

Index-Linked

1987 High	Low	Stock	(b)	Price £	+ or −	(1)	(2)
131	125½	Treas. 2pc '88	(297.1)	130	−	—	2.70
117	108	Do. 2pc '90	(333.9)	116 xd	−	1.06	2.33
99	93	Do. 2pc '92‡‡	(385.8)	97	−	2.24	2.89
128	119	Do. 2pc '96	(267.9)	125	−	3.34	3.82
111	101	Do 2½pc '01	(308.8)	104	−	3.68	4.14
110	100	Do. 2½pc '03	(310.7)	102	−	3.53	4.09
113	103	Do. 2pc '06	(274.1)	105 xd	−	3.51	3.98
108	98	Do. 2½pc '09	(310.7)	100	−	3.51	3.89
113	103	Do. 2½pc '11	(294.1)	105	−	3.56	3.83
95	86	Do. 2½pc '13	(351.9)	87	−	3.48	3.76
103	94	Do. 2½pc '16	(322.0)	95 xd	−	3.28	3.70
101	91	Do. 2½pc '20	(327.3)	93	−	3.39	3.63
86	77	Do. 2½pc '24 ‡‡	(385.3)	79 xd	−	3.32	3.54

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for October 1986: 388.4 and for May 1987: 101.9 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1987 High	Low	Stock	Price £	+ or −	Int.	Red.
113⅞	99½	African Dv Bk 11¼Ln 2010	108 xd	+	10.30	10.30
109	95	Asian Dev Bk 10¼pcLn2009	103	+1	9.88	9.82
136	118	Australia 13½pc 2010	130 xd	+1½	10.33	10.05
118	102	Do. 11¾pcLn2015	112	+1½	10.08	9.99
115	102	Euro Inv Bk 11pc Ln 2002	109	+	10.01	9.73
110	97½	Do. 10¼pc2004	105	+1	9.85	9.71
126	112	Int-Am Dev Bk 12½pc 2003	120 xd	+1	10.34	9.84
104	90	Do. 9¾pcLn 2015	98	+1	9.86	9.85
97	83	Mlysia 10¾pcLn 2009	93	+	11.45	11.53
100	99¼	Malaysia 12¼pc '88	101 xd	..	12.13	11.34
115	100	NZ 11¼pc 2008	109	+	10.25	10.11
118	102	Do 11½pc 2014	113	+1	10.17	10.07
176	119	Sweden 13½pc Ln 2010	131 xd	+1	10.31	10.01
106	96½	Utd. Mexican States 16½pc	100	−	16.38	15.61

CORPORATION LOANS

1987 High	Low	Stock	Price £	+ or −	Int.	Red.
109⅝	105¼	Birmingham 13½pc 1989	108	+1	12.46	9.39
119	105½	Do. 11½pc 2012	116	+1	9.86	9.71
95	82	GLC 6¾pc 1990-92	91½	.....	7.38	8.80
99	97½	Herts 6½pc 1985-87	99	.....	6.82	12.90
132½	121½	Leeds 13½pc 2006	132½	.....	10.19	12.50
30	26	Liverpool 3½pc Irred.	27½	.....	12.73	—
96	88	LCC 6¾pc '88-90	93 xd	.....	7.11	8.60
31½	25	Do. 3pc '20 Aft.	31 xd	.....	10.34	—
115	105¼	Manchester 11½pc 2007	115	.....	10.00	9.70

COMMONWEALTH & AFRICAN LOANS

1987 High	Low	Stock	Price £	+ or −	Int.	Red.
92	81	NZ 7¼pc 1988-92	90	.....	7.99	9.50
205	165	S Rhod 2½pc Non-Assd	203	.....	—	—
76	65	Do. 4½pc 87-92 Assd.	75½	.....	—	—
175	120	Zimbabwe Ann (£100pa)	136	.....	—	8.84

LOANS

Building Societies

1987 High	Low	Stock	Price £	+ or −	Int.	Red.
100	99	N'wide 9½pc 6.7.87	100	.....	9.83	9.85
100	99	Do. 10¼pc 27.7.87	100 xd	.....	10.12	9.49
100	99	Do. 10¼pc 17.8.87	100	.....	10.12	9.36
100	99	Do. 9⅞pc 7.9.87	100	.....	9.88	9.39
100	99	Do. 10⅜pc 21.9.87	100	.....	10.31	9.56
101	100	Do. 11¾pc 26.10.87	100	.....	11.67	9.30
101½	100	Do. 11½pc 23.11.87	100	.....	11.43	9.62
101	100	Do. 11⅛pc 21.12.87	100	.....	11.46	9.56
101	100	Do. 11¼pc 18.1.88	100	.....	11.04	9.65

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1987 High	Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
45	42	Greek 7pc Ass.	42 xd	.....	3.50	8.33
45	40	Do. 6pc 28 Stb. Ass.	40		3	7.50
47	45	Do 4pc Mixed Ass.	47	.....	2	4.26
65	58	Hung '24 Ass	63	....	2.75	4.37
146½	122⅞	Hydro Quebec 15pc 2011	140 xd	+1	15.00	10.38
94	83	Iceland 6½pc '83-88	94 xd	.....	—	—
136	115½	Do. 14½pc Ln. 2016	128	+1	14.50	11.14
103½	94	Ireland 9¾pc '91-96	101	.....	9.75	9.50
98½	93	Japan 6% '83-88	94 xd	.....	—	—

AMERICANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
41	32	Abbott Laboratories	39	−½	$1.00	—	1.6
17	11	Ahmanson (H.F.)	13	−	88c	—	4.1
33	24	Alcoa $1	32	.....	$1.20	—	2.2
18	15	Allegheny & W $0.01	16	.....			
14	8	Amax $1	12	+	—	—	—
26	17	Amdahl 5c	22	...	20c	—	0.5
33	25	Amer. Cyanamid $5	31	−	[illegible]	—	3.7
25	18	Amer. Express $0.60	22 xd	−½	$1.44	—	4.0
12½	10	Amer. Medical Int. $1	11	−	72c	—	3.7
18	14	American T. & T. $1	17½	−	$1.20	—	4.2
63	46	Ameritech $1	54	−	$4.72	—	5.3
20	15	Amfac	20	.....	—	—	—
23	17	Anheuser-Busch $1	22 xd	.....	$2.00	—	5.6
80p	45p	AridTech	80p	.....	—	—	—
10	6	BankAmerica $1	7	.....	—	—	—
34	25	Bankers N.Y. $10	32	−	$1.66	—	3.2
652p	388p	BASIX Corp.	390p	.....	12c	—	1.9
49½	36	Bell Atlantic $1	43	−	$3.84	—	5.4
26	21	BellSouth Corp.	25	−	$2.04		4.9
9	4	Bethlehem Steel $8	9	−	—	—	—
20½	10	Bio-Rad Labs. Inc. 'A'	15	−½	—	—	—
26	18	Bowater Inc.	23	−	80c	—	2.1

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30⅝	22⅞	Sara Lee $1	29¼xd	+¼	$1.00	—	2.1
11⅜	8⅝	Saul (B. F.) $1	10⅛xd	+⅛	20c	—	1.2
26¼	19⅞	Southwestern Bell $1	24⅝	.....	$2.32	—	5.8
18¼	14¼	Stales Continental	18	–⅛	80c	—	2.7
44⅞	36⅛	Sun Co. Inc. $1	41⅞xd	+⅞	$3.00	—	4.4
37	28⅞	TRW Inc. $1¼	33⅞	+⅛	$1.60	—	2.9
32	25⅞	Tenneco $5	30⅞	+⅞	$3.04	—	6.0
187½	149½	Do. 10pcLn.Sk. 91-5	187½xd	..	10%	—	5.5
26¼	17⅞	Texaco $6.25	24⅝xd	+⅞	$3.00	—	7.5
61⅞	47⅛	Time Inc. $1	59½	+⅞	$1.00	—	1.0
14½	11	Tracor $0.33	12⅝	...	40c	—	1.9
26⅞	18⅞	Transamerica $1	25¼xd	–1¼	$1.76	—	4.3
12¼	922p	Transworld Corp $5	12	–⅛	20c	—	1.0
46	29¼	TRINOVA Corp.	43⅝	–1¼	$1.00	—	1.6
20	15⅞	USX $1	19⅞	+⅛	$1.20	—	3.7
19⅝	15⅞	Union Carbide $1	19¼	+⅛	$1.50	—	4.8
35⅞	26⅞	Utd. Technologies	31⅞	+⅞	$1.40	—	2.7
36⅝	27	US West	33½	–¼	$3.28	—	6.0
25	17⅛	Waste Management $1	24⅞	–⅛	—	—	—
£22¼	£20¼	Whirpool $1.0	£22¼	–⅛	—	—	—
35⅝	26	Woolworth $3½	33¼	–⅛	$1.32	—	2.4

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
21p	10p	Abbot Energy Corp.	21p	.....	—	—	—
12⅝	506p	Amer. Barrick Res.	968p	.....	—	—	—
122p	52p	Armeno	72½p	.....	—	—	—
19¼	14⅝	Bk. Montreal	15⅝	–⅛	$2.00	—	5.9
10⅛	745p	Bk. Nova Scot.	820p	–6	72c	—	4.0
20⅝	18	BCE	19⅞	.....	$2.40	—	5.6
960p	712p	Bow Valley	926p	–5	40c	—	2.0
19¼	12⅝	Brascan	16¼	–⅛	88c	—	2.5
609p	277p	Breakwater Res.	366p	–2	—	—	—
11⅝	894p	Can.Imp.Bk. $2	10xd	.....	$1.08	—	5.0
12	865p	Can. Pacific	11⅞xd	+⅛	48c	—	1.9
42½	37½	Do. 4pc Deb £100	41½	.....	4%	—	9.6
27½	15¼	Echo Bay Mines	22	+⅛	20c	—	0.4
181p	66p	Euro-Asia Capital Ltd.	172p	–6	—	—	—
733p	283p	Galactic Resources	512p	.....	—	—	—
69p	32p	Global Data Systems	49p	.....	—	—	—
873p	399p	Granges Exploi	640p	–15	—	—	—
18½p	10p	Gt Pacific Res.	15p	.....	—	—	—
14½	781p	Gulf Canada	13	.....	52c	—	1.8
13¼	10	Hawker Sid Can	12¼	.....	96c	—	3.6
740p	460p	Herdys Group	560p	–23	—	—	—
14⅛	10⅛	Hudson's Bay	10⅞xd	.....	60c	—	2.5
34½	24⅞	Imperial Oil	33	–¼	$1.60	—	2.2
11⅝	782p	Inco	10⅜xd	.....	US$0.20	—	1.1
25¼	14¼	Intl. Corona Res.	18⅞	.....	—	—	—
695p	575p	Inland Nat. Gas $1	675p	–9	60c	—	4.2
363p	158p	Muscocho Expln.	229p	.....	—	—	—
10	748p	Ntnl Business Syst.	885p	–5	—	—	—
12	927p	Rio Algom	10	+⅛	$1.30	—	6.0
19⅝	14¼	Royal Bk. Can.	15⅝	–⅛	$2.00	—	5.9
49½	40¼	Seagram	48	–¼	US$1.00	—	1.3
14⅞	11½	Toronto-Dom. Bk.	13⅞	.....	84c	—	2.8
220p	19p	Trans Atlantic Res	107½p	.....	—	—	—
10⅛	789p	Trans Can Pipe	815p	–5	$1.12	—	6.3
184p	124p	Varity Corp	133p	.....	—	—	—

BANKS, HP & LEASING

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
190	146	ANZ $A1	186	–4	Q20.7c	2.4	5.0	8.5
273	230	Allied Irish	240	.....	Q61.6%	♦	5.9	♦
£164	£135¾	Algemene Fl 100	£145	+1½	Q27%	2.1	5.7	8.3
70	56	Anglo Irish	63	.....	Q19.69%	1.4	7.0	15.0
92	84	Ansbacher (H.) 1p	89½	.....	2.0	—	3.1	—
£40½	£24¼	Banco de Bilbao S.A.	£32½	.....	Q38%	3.0	2.9	18.2
£29½	£23½	Banco de Santander	£27⅞	–⅞	Q23.2%	♦	1.6	♦
243	176	Bank Ireland IrE1	220xr	.....	Q15.93%	2.9	6.6	7.6
£14	£11½	Bank Leumi	£14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

LONDON SHARE SERVICE

INSURANCES—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	86	......	Fin. 13% 97/02	£110½	......
Craig & Rose £1	£18¼xd	......	Arnotts	350	+15
Finlay Pkg. 5p	112	+7	CPI Hldgs	57	......
Holt (Jos) 25p	975	......	Carroll Inds.	146xd	−2
Ioll Stm. £1	121	+1	Dublin Gas	18	......
			Hall (R. & H.)	100	......
IRISH			Heiton Hldgs.	41	......
Fund 11¾% 1988	£100½	......	Irish Ropes	170	......
Nat. 9¾% 84/89	£98½	......	Unidare	375	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	40	NEI	12
Amstrad	20	Nat West Bk	65
BAT	55	P & O Dfd	65
BOC Grp	45	Plessey	22
BSR	17	Polly Peck	28
BTR	30	Racal Elect	24
Babcock	19	RHM	30
Barclays	52	Rank Org Ord	70
Beecham	50	Reed Intnl	45
Blue Circle	50	STC	30
Boots	25	Sears	15
Bowaters	50	TI	34
Brit Aerospace	55	TSB	10
Brit. Telecom	32	Tesco	55
Burton Ord	35	Thorn EMI	70
Cadburys	22	Trust Houses	24
Charter Cons.	40	Turner Newall	28
Comm Union	30	*Unilever*	300
Courtaulds	45	Vickers	20
FNFC	30	Wellcome	42
Gen Accident	95	**Property**	
GEC	24	Brit Land	25
Glaxo	200	Land Securities	45
Grand Met	55	MEPC	42
GUS 'A'	175	Peachey	45
Guardian	90	**Oils**	
GKN	30	Brit Petroleum	32
Hanson Tst.	15	Britoil	32
Hawker Sidd	50	Burmah Oil	45
ICI	125	Charterhall	6
Jaguar	52	Premier	11
Ladbroke	40	Shell	110
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	24
Lloyds Bank	50	**Mines**	
Lucas Inds	62	Cons Gold	95
Marks & Spencer	22	Lonrho	26
Midland Bk	55	Rio T Zinc	90
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Jun 15	Jun 25	Jun 26	July 6
Jun 29	July 9	July 10	July 20
July 13	July 23	July 24	Aug 3

* New time dealings may take place from 9.00 am two business days earlier.

Futures-related selling hits equity index stocks but Government bonds firmer

The UK securities markets turned in a more buoyant performance yesterday in response to the rally in the pound. Government bonds recovered the losses of the previous session while equities rallied from a bout of index futures-related selling, helped by a favourable reception for GEC's results and increased dividend payment.

The FT-SE 100 index closed 5.2 down at 2284.1, after showing a net loss of nearly 10 points earlier. The FT Ordinary index, at 1782.6 shed 2.0. Turnover remained on the low side of recent averagges.

Both market sectors opened higher as sterling rallied and equities were edging forward until mid-morning when the deadline for expiry of the June futures contract on the FT-SE 100 index triggered a selling bout of the underlying index stocks.

The June index contract had been the favoured play of the election speculators, and major traders had been buying the underlying stocks while selling the contract ahead of Election Day. With the equity market sluggish since then, there were hefty stock positions to be unwound as the June contract approached expirty, when it must equal the underlying index.

Messel, now named Shearson Lehman Bros for its US parent, was "selling out a large equity position," admitted John Miller, the firm's expert on the FT-SE futures market.

However, the equity market soon brushed off the futures-related selling and rallied successfully at mid-session, before settling lower as Wall Street came in easier.

GEC traded heavily following the results, which compared well with market estimates. The higher dividend, while not unexpected, was well taken in the marketplace, and the improvement in the shares, which have lain under a cloud recently, helped the rest of the market.

But, with oil shares no longer making progress, there was little support for the broad range of industrial blue chips. Nervouseness over the pound, despite yesterday's improvement, showed itself in another setback for Glaxo and Fisons. Profits were again taken in the exporting stocks, where Jaguar and Imperial Chemical Industries lost ground.

But property issues continued to attract investment from the UK funds—foreign investors are discouraged by the lack of liquidity in many stocks in this sector. Insurance shares continued to find the buyers.

Government bonds had a good session, but closed just off the top with net gains of ¾ in the long dated bonds, which now yield 9.18 per cent. Traders said the business, which was thin, came mostly from professional market sources, with retail interest still on the sidelines.

The gilt-edged market is still unhappy about the trend in the pound since Election Day, and remains unwilling to develop any distinct trend until currency worries are resolved.

The bank sector included a host of outstanding features. The big four opened with minor gains but came off quite sharply in initial dealings with Shearson said to be a heavy seller. However, once the flurry of selling was carried out share prices rallied in most cases. Lloyds were particularly unsettled and dropped to 367p before closing a net 16 off at 368p. Barclays dipped to around 575p but steadied up to end the session about 13 down at 578p.

Merchant banks were featured by Mercury International which initially rose to 455p before sliding back to end the day a net 6 lower at 448p following the much better than expected preliminary figures which were accompanied by a £131m right issue in the ratio of one-for-five at 385p. News that Kerry Packer's Consolidated Press has bought the 4.9 per cent stake previously held by NZI Corporation, taking its holding up to 12 per cent, boosted Hill Samuel 9 to 486p.

Insurances were highlighted by another surge in life group London and Manchester which leapt 30 more to 340p as Smith New Court remained heavy buyers of the stock. Rumour in the market suggested that New Zealand's Ron Brierley could be behind the two-day buying spree.

Commercial Union jumped 12½ to 367½p on the Paris listing. Prospective partners Stewart Wrightson and Willis Faber made rapid progress following the favourable Press reaction to the merger. Willis added 8 to 408p and Stewart a like amount to 593p.

The day's three newcomers all made splendid debuts. Property developer and construction company Britannia Group, offered for sale at 155p touched 173p before ending the session at 171p. Harland Simon Group, placed at 135p, opened at 185p and gathered strength throughout the day to close at 191p. Comac, placed at 120p in the Third Market, opened at 165p and closed at 180p.

Chemicals showed Horace Cory 3 lower at 39p on consideration of the directors statement that the board knew of no reason for the recent sharp rise in the share price.

Leading high street retailers enjoyed a firmer session with most counters finishing at or around the day's best. Woolworth, 428p, and Burton, 326p, the two stocks hit hardest in last week's shake-out, rallied 15 and 11 respectively, while Sears, recently the subject of a broker's downgrading of profits, put on 3½ to 158¼p. Business elsewhere was featured by Ernest Jones, the retail jewellery chain, which spurted 68 to 223p following a bid approach. Time Products firmed 11 to 202p in sympathy, but Aesis, spectacularly higher since the recent offer from Windstorm, encountered occasional profit-taking and ran back 15 to 263p, after 238p. Other speculative favourites, past and present, to receive a boost included A. G. Stanley, 14 dearer at 153p, and Helene of London, 8 to the good at 64p. An active business developed in Stormgard which closed a fraction higher at 22p amid option activity reflecting hopes of a "shell" operation. Lanca rose 8 more to 99p; the shares have risen 31 since the appointment of Andrew Greystoke and Chimu Gidoomal to the board last week in a move which is expected to increase the group's acquisitive aspirations.

A brisk trade developed in GEC (some 23m shares changed hands) which ended 5½ higher at 247p following the announcement of an increased dividend and annual profits well above lowest market estimates accompanied by confident remarks on the future by the chairman. Elsewhere in the Electrical sector, CML Microsystems improved 7 to 277p on the proposed share sub-division, while Sound Diffusion hardened 3 to 63p following the announcement of the long awaited preliminary figures.

Selective support was evident in the Engieering sector. Buyers showed interest in Babcock, 6½ to the good at 217p, while Camford responded afresh to a newsletter recommendation with a further gain of 7 at 195p. Comment on the preliminary figures prompted a further gain of 7 to 543p in VSEL Consortium. Richards (Leicester), which recently announced a change in stakeholdings, met with revived demand and put on 10 to 160p. Carlco, scheduled to reveal annual results next Monday, firmed 10 to 683p.

Although above the session's lowest level's Food still retained an irregular appearance. Dealers reported a lively two-way business in recent speculative favourite ASDA-MFI which finally settled 3½ lower at 190½ as some 3.9m shares changed hands. Dee Corporation, still unsettled by Argyll's "merger accountings" move dipped to 221p before closing only 4 off on balance at 223p; the preliminary figures are expected towards the end of the month.

Food Manufacturers highlighted Northern which advanced 7 to 313p as support emanating from a favourable mention was reinforced by a broker's recommendation.

Pilkington featured in an otherwise listless day in the miscellaneous industrial leaders, rising 21 to 968p in a relatively modest volume (2m) of business. Glaxo in contrast, continued to drift lower at £16⅝ down ⅛, whoile Reed International drifted back 8 further to 569p.

Christies International, enlivened afresh by news of the sale f the Vn Gogh masterpiece for £12.6m, advanced 25 further to 592p. Blue Arrow advanced 24 to 794p in the wake of favourable comment on the preliminary figures. Continental demand prompted strength in Wellcome which closed 24 to the good at 449p, but Fisons eased 13 to 364p following publicity given to a broker's downgraded profits forecast for the company. British Vita came to life with a rise of 17 to 518p as the company announced the proposed acquisitiion of Metzeler Schaum GMBH from Bayer AG of West Germany. MSG manufactures a broad range of polymeric products. Acquisition news was also behind a gain of 25 to 410p in Savage which has agreed to purchase Roussel and Servais a leading Belgian hinge and pre-pracked hardware manufacturer. Hawtin Leslie hardened 1½ more to 44½p following the interim figures. Renewed buying lifted Expamet 22 more to 268p, while uBullers were also outstanding at 71p, up 16. C. H. Beazer, however, eased 3 to 282p in the wake of the proposal to raise approximately £49m via a placing of 50m Preference shares. Technical Project Services moved up 21 to 254p on persistent demand from the provinces.

Brent Walker's deal involving the purchase of Lonrho's casino interests continued to provide the focus of attention among Leisure issues. The former dipped a few pence to 373p on profit-taking, but the deal clearly stimulated interest in Mecca, 10 up at 227p and Pleasurama, 6 to the good at 456p. Elsewhere, bid prospects again buoyed SelecTV, up 9 for a two-day gain of 16 at 49p. Television South, up to 402p in immediate response to the interim results, subsequently met profit-taking and finished 5 lower on balance at 392p.

T. Cowie encountered revived interest to close 36 dearer at 705p; the group is widely touted to be set to launch a sizeable acquisition which would extend its interests away from its North-Eastern heartland. Hopes that a statement regarding the future of the finance division might be in the offing also aided sentiment. Lookers, often mentioned as a likely target for Cowie, returned to favour with a gain of 15 to 435p.

Property shares continued their recent spectacular advance, with domestic buying interest accompanied by steady overseas support. Wates City of London and Greycoat, two issues with a broad exposure to the currently buoyant London property market were again heavily bought; Wates spurted 16 more to 282p and Greycoat jumped 26 to 453p.

Sector leaders British Land, still reflecting the recent buy signal from investment house Morgan Grenfell, added 13 more at 339p. Parkdale jumped a further 20 to 216p still responding to the acquisition of Yorkshire based property group Ackrill & Timberspar. News of the joint development in Scotland with the Rover Group prompted good interest in Clayform which raced up 18 to 358p.

Recogniton of the group's land values prompted sizeable demand for P&O Deferred which advanced 25 to 742p. Similarly, Mersey Docks rose another 33 to 150p as a Press mention reiterating the company's puzzlement over the recent sharp share price rise merely served to entice fresh speculative interest.

Courtaulds, still benefiting from the proposed US acquisition, advanced 9 further to 486p. Lister edged up a few pence more to 225p in response to the annual results, but profit-taking after the preliminary figures left Illingworth Morris 4 cheaper at 212p.

A rather lac-lustre performance by crude oil prices after the well-received OPEC production agreement upset the oil share market. British Gas were particularly weak and ended the day 5½ lower at 175½p after a turnover of 9m shares. Britoil dipped 7½ to 308½p. Simiar losses were recorded by Enterprise, 298p, Burmah, 572p, and LASMO, 318p.

The second-line oils provided numerous big winners. Carless Capel followed Monday's 9 gain with a further 11 jump to 139½p; Wood Mackenzie rates the shares the most attractive of the smaller companies and a buy up to 150p.

Traded Options

Preliminary results from GEC stimulated a lively traded option business in the group's shares with 5,686 calls struck; the July 220 and 240 series contributed 1,798 and 2,383 trades respectively. Operators also returned for British Gas position with 2,583 calls and 3,800 puts transacted, the July 180's accounting for 1,441 and 2,120 contracts respectively. An active and evenly-balanced business was also noted for TSB which attracted 1,887 calls and 1,916 puts as broker's issued "buy" recommendations on the company. Total contracts struck yesterday amounted to 41,213.

Traditional Options

- First dealings June 22
- Last dealings July 3
- Last declaration Sept 24
- For Settlement Oct 5

For rate indications see end of Unit Trust Service

Stocks dealt in for the call included Beecham, Hobson, H. Cory, Stormguard, Rexmore, Cable and Wireless, Central and Sheerwood, Platignum, Belhaven, Camford, Property Trust, Kalon, Blacks Leisure, Rotaprint, Abaco, Polly Peck, Hampton Trust, Charterhall, Bula Resources, North Kalgurli, Turner and Newall, Peter Black, Aran Energy, Neepsend, Eagle Trust, Glynwed, Martin Ford, Norfolk Capital, Burndene, Hyman, Petranol, Rotork, Reed International, Talbex, Rush and Tomkins, Victor Products, Relyon and MS International. Puts were arranged in Kellock, Helical Bar, Cowan de Groot, Martin Ford, Stormguard, Daejan Estates and Chloride, but no double options were reported.

FINANCIAL TIMES STOCK INDICES

	June 30	June 29	June 26	June 25	June 24	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	90.49	90.41	90.68	90.91	91.07	90.43	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.22	97.04	97.36	97.59	98.07	96.78	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1782.6	1784.6	1790.7	1772.5	1773.4	1373.7	1,801.7 (17/6)	1,320.2 (2/1)	1,801.7 (17/6/87)	49.4 (26/6/40)
Gold Mines	378.9	380.7	376.2	375.9	373.6	204.2	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.21	3.21	3.19	3.22	3.23	4.02				
Earnings Yld.% (full)	7.76	7.74	7.70	7.76	7.78	9.64				
P/E Ratio (net) (*)	15.87	15.90	15.98	15.85	15.83	12.62				
SEAQ Bargains (5 pm)	43,542	47,585	55,708	42,659	40,002	—				
Equity Turnover (£m)	—	4199.79	1701.88	1578.50	1644.23	702.19				
Equity Bargains	—	62,461	55,224	49,864	45,394	24,099				
Shares Traded (ml)	—	820.2	842.2	670.2	593.0	290.4				

S.E. ACTIVITY

Indices	June 29	June 26
Gilt Edged Bargains	108.2	111.8
Equity Bargains	404.7	357.8
Equity Value	8488.9	3439.9
5-Day Average		
Gilt Edged Bargains	125.1	133.2
Equity Bargains	346.1	332.4
Equity Value	4331.1	3292.8

♥ Opening 1786.3 | 10 a.m. 1786.8 | 11 a.m. 1779.7 | Noon 1782.0 | 1 p.m. 1782.8 | 2 p.m. 1781.8 | 3 p.m. 1783.7 | 4 p.m. 1786.0

Day's High 1788.3 Day's Low 1776.5. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=15.56.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (324)

BANKS (5), BREWERS (2), BUILDINGS (21), CHEMICALS (10), STORES (19), ELECTRICALS (27), ENGINEERING (13), FOODS (7), HOTELS (1), INDUSTRIALS (85), INSURANCE (7), LEISURE (11), MOTORS (3), NEWSPAPERS (9), PAPER (13), PROPERTY (40), SHIPPING (5), SHOES (3), TEXTILES (9), TRUSTS (56), OILS (16), OVERSEAS TRADERS (1), PLANTATIONS (1), MINES (3), THIRD MARKET (1).

NEW LOWS (4)

LOANS (1) Inv. in Ind. 11¼pc Ln 1990 BANKS (1) Cie Bancaire TRUSTS (1) Warrior Inds. OVERSEAS TRADERS (1) REA Hldgs.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	3,500	190½	−3½	Ladbroke	1,200	419	−4
Allied Lyons	482	429	—	Land Securities	1,200	582	+5
Amstrad	3,200	173	−4	Legal & Gen.	261	349	−1
Argyll Group	1,100	445	+1	Lloyds Bank	473	368	−16
Assoc. Brit. Foods	449	398	+3	Lonrho	702	278½	−½
BAT	2,200	601	+5	MEPC	1,000	572	+1
BET	1,400	284	−7	Marks & Spncr.	1,900	245	+1
BOC	1,000	498	−1	Midland Bank	2,000	632	+2
BPB Inds	300	795	−10	NatWest Bank	876	727	−3
BPCC	2,000	322	+5	Next	697	336	−1
BTR	3,100	313	−1	Pearson	625	729	+6
Barclays	1,500	578	−13	P & O	2,100	742	+25
Bass	300	994	−6	Pilkington Bros	2,000	968	+21
Beecham	805	456	−4	Plessey	5,300	226	−1½
Blue Circle	409	500	—	Prudential	344	£10⅞	−⅛
Boots	973	288½	+3½	Racal	1,000	274	—
Brit. Airways	3,150	146	−2	Rank Org	51	774	−7
Brit. Aero	364	526	−3	RHM	295	337	−2
Brit. & Comm.	359	490	+1	Reckitt & Col.	286	£11⅞	+⅛
British Gas	7,300	175½	−5½	Redland	1,300	522	−4
Britoil	3,600	308½	−7½	Reed Intl.	575	569	−8
BP	8,650	386	−3	Reuters	667	856	−1
Brit. Telecom	4,700	287	−4	RMC	630	489	—
Bunzl	378	265	−3	RTZ	242	£10⅛	−1
Burton	1,100	326	+11	Rolls-Royce	1,500	123	−1
Cable & Wire	1,600	387	−2	Rowntree Mac.	467	538	+6
Cadbury Schwps	1,700	279	−1½	Ryl Bank Scotland	51	365	—
Coats Viyella	775	694	—	Royal Insurance	817	909	+4
Comm. Union	3,500	367½	+12½	STC	402	305	+2
Cons. Gold	124	£10⅛	−⅛	Saatchi & Saatchi	2,000	677	+8
Cookson	34	710	−2	Sainsbury	600	576	−1
Courtaulds	503	486	+9	Scott & Newcastle	880	257½	−1½
Dee Corpn	1,100	223	−4	Sears	4,300	158¼	+3½
Dixons Grp.	317	372	−1	Sedgwick	2,000	302	−6
English China Clays	276	468	−2	Shell Trans.	2,800	£14¼	−⅛
Fisons	3,200	364	−13	Smith & Nephew	927	180½	+½
Gen. Accident	182	£10⅝	+⅛	Standard Chart	296	758	−2
Gen. Elect	14,000	247	+5½	Storehouse	1,600	296	+7
Glaxo	707	£16⅝	−⅛	Sun Alliance	1,000	£10⅛	+⅛
Globe Investment	725	180½	—	TSB	3,900	90¼	−½
Granada	2,000	357	+4	Tarmac	564	300	−1
Grand Met.	774	540	−1	Tesco	611	570	+2
Gus "A"	120	£13⅛	+⅛	Thorn EMI	722	761	−2
Guardian R.E.	321	£10⅝	—	Trafalgar House	580	392	—
GKN	1,450	360½	−1½	T'house Forte	2,700	251	+2
Guinness	985	364	+2	Unigate	1,800	420	+4
Hanson Trust	7,700	173½	−1½	Unilever	1,400	667	+2
Hawker Sidd.	185	536	−5	United Biscuits	668	330	—
Hillsdown Hldgs	506	298	−2	Wellcome	2,900	449	+24
ICI	885	£14⅞	−⅛	Whitbread "A"	428	363	+6
Jaguar	782	535	−9	Woolworth	1,000	428	+15

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	96	13	3
Corporations, Dominion and Foreign Bonds	18	4	37
Industrials	623	343	592
Financial and Properties	226	103	269
Oils	40	29	45
Plantations	5	1	8
Mines	44	60	85
Others	45	84	136
Totals	1,097	637	1,175

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tue June 30 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Mon June 29 Index No.	Fri June 26 Index No.	Thurs June 25 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (213)	958.09	+0.3	7.13	2.79	17.64	10.75	955.31	955.31	952.34	749.82
2	Building Materials (29)	1242.35	+0.1	6.85	2.76	18.23	13.90	1241.07	1241.68	1235.03	824.89
3	Contracting, Construction (33)	1747.52	+1.1	6.88	2.74	19.50	19.38	1728.48	1718.29	1711.82	1270.87
4	Electricals (13)	2430.43	+0.8	5.53	3.26	24.21	36.50	2411.02	2396.72	2395.17	1913.26
5	Electronics (35)	2147.37	+0.8	7.17	2.09	18.15	15.24	2129.66	2126.52	2131.47	1727.83
6	Mechanical Engineering (61)	506.67	—	7.96	3.31	15.75	7.68	506.41	505.35	502.12	421.35
8	Metals and Metal Forming (7)	530.79	—	7.00	3.01	17.22	6.80	530.76	531.28	527.50	377.23
9	Motors (14)	368.66	−0.4	8.29	2.89	14.03	3.42	370.15	371.56	365.21	[illegible]
10	Other Industrial Materials (21)	1539.46	−0.2	6.45	3.15	18.67	20.86	1543.29	1553.93	1556.59	1327.45
21	CONSUMER GROUP (185)	1317.78	+0.2	6.01	2.53	21.32	13.72	1314.77	1320.93	1316.25	[illegible]
22	Brewers and Distillers (22)	1194.53	—	7.85	2.96	16.02	11.67	1194.09	1198.66	1188.13	975.21
25	Food Manufacturing (24)	1037.59	+0.2	6.75	2.94	19.26	14.27	1035.64	1034.84	1026.73	700.31
26	Food Retailing (16)	2477.75	−0.5	5.16	2.32	26.47	21.12	2489.14	2489.73	2479.94	[illegible]
27	Health and Household Goods (10)	2476.14	−0.2	4.08	1.62	28.71	14.67	2481.90	2527.07	2543.04	[illegible]
29	Leisure (31)	1382.37	+0.3	5.72	3.10	23.00	16.21	1378.32	1374.01	1367.03	922.32
31	Packaging & Paper (15)	703.71	−0.3	5.94	2.45	21.27	7.88	705.89	703.85	699.92	495.35
32	Publishing & Printing (15)	4395.74	+0.3	5.14	2.78	25.02	58.32	4382.42	4362.69	4339.60	2585.78
34	Stores (36)	1084.28	+1.2	6.65	2.64	20.33	12.81	1071.37	1080.16	1074.27	909.15
35	Textiles (16)	809.31	+0.5	7.59	2.77	15.25	10.67	804.90	798.89	798.09	574.78
40	OTHER GROUPS (85)	1109.24	−0.2	7.75	3.15	16.06	10.43	1111.88	1117.22	1112.60	805.87
41	Agencies (16)	1675.68	+0.8	4.09	1.44	32.23	9.50	1662.94	1650.27	1621.17	0.0
42	Chemicals (21)	1397.12	−0.2	7.02	3.15	17.48	19.49	1400.45	1407.17	1398.57	928.50
43	Conglomerates (12)	1416.29	−0.7	7.26	3.22	15.79	18.93	1426.25	1429.25	1422.35	0.0
45	Shipping and Transport (11)	2297.35	+1.4	6.79	3.50	18.53	37.76	2266.27	2268.49	2265.39	[illegible]
47	Telephone Networks (2)	1107.89	−1.2	9.08	3.65	14.70	1.09	1121.52	1134.62	1145.62	[illegible]
48	Miscellaneous (23)	1525.37	+0.6	9.22	2.94	13.01	18.29	1515.62	1521.36	1495.51	1083.22
49	INDUSTRIAL GROUP (483)	1182.08	+0.1	6.76	2.77	18.69	12.22	1180.65	1184.81	1180.56	870.74
51	Oil & Gas (17)	2296.13	−1.2	4.76	4.03	27.17	37.29	2323.26	2274.07	2227.92	1221.57
59	500 SHARE INDEX (500)	1276.67	−0.1	6.45	2.96	19.63	14.41	1277.69	1277.27	1269.43	[illegible]
61	FINANCIAL GROUP (118)	824.49	+0.2	—	3.56	—	12.88	822.47	817.07	808.47	624.38
62	Banks (8)	822.64	−1.4	16.84	4.56	7.85	15.49	834.20	837.84	834.96	663.45
65	Insurance (Life) (9)	1157.78	+0.5	—	3.64	—	20.71	1151.81	1147.91	1142.13	[illegible]
66	Insurance (Composite) (7)	617.31	+1.1	—	3.97	—	11.76	610.66	612.51	602.84	493.43
67	Insurance (Brokers) (9)	1265.82	−0.1	8.50	4.28	15.16	26.32	1267.61	1278.48	1251.43	1186.52
68	Merchant Banks (11)	412.02	+0.5	—	3.16	—	5.53	409.83	401.37	399.38	390.22
69	Property (46)	1339.94	+1.5	3.52	2.19	36.82	11.75	1320.08	1288.23	1259.14	802.83
70	Other Financial (28)	536.92	+0.6	6.19	2.96	20.32	5.89	533.48	525.72	522.76	354.84
71	Investment Trusts (92)	1088.98	—	—	2.20	—	10.97	1088.57	1087.67	1080.36	762.83
81	Mining Finance (2)	500.31	−0.6	6.77	3.32	16.97	6.79	503.41	503.41	500.31	274.55
91	Overseas Traders (11)	1098.18	+0.6	8.28	4.23	14.34	23.27	1091.35	1071.54	1058.67	707.32
99	ALL-SHARE INDEX (723)	1153.12	—	—	3.04	—	13.85	1153.43	1151.76	1143.83	820.28

	Index No.	Day's Change	Day's High	Day's Low	June 29	June 26	June 25	June 24	June 23	Year ago
FT-SE 100 SHARE INDEX ‡	2284.1	−5.2	2294.3	2279.5	2289.3	2291.3	2277.2	2284.0	2265.5	1660.8

FIXED INTEREST

	PRICE INDICES	Tues June 30	Day's change %	Mon June 29	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	123.22	+0.23	122.94	—	5.94
2	5-15 years	142.18	+0.51	141.46	—	7.22
3	Over 15 years	151.93	+0.53	151.13	—	6.85
4	Irredeemables	166.35	+0.69	165.20	—	7.27
5	All stocks	138.61	+0.43	138.01	—	6.78
	Index-Linked					
6	5 years	121.65	−0.07	121.74	—	1.57
7	Over 5 years	115.30	−0.10	115.41	—	1.71
8	All stocks	115.65	−0.10	115.76	—	1.69
9	Debentures & Loans	122.84	+0.21	122.59	—	6.13
10	Preference	88.74	−0.11	88.90	0.06	3.27

	AVERAGE GROSS REDEMPTION YIELDS		Tues June 30	Mon June 29	Year ago (approx.)
	British Government				
1	Low	5 years	8.27	8.34	7.84
2	Coupons	15 years	9.01	9.07	9.06
3		25 years	9.02	9.07	9.12
4	Medium	5 years	9.11	9.23	9.26
5	Coupons	15 years	9.24	9.32	9.39
6		25 years	9.25	9.32	9.39
7	High	5 years	9.26	9.37	9.42
8	Coupons	15 years	9.40	9.46	9.54
9		25 years	9.18	9.21	9.42
10	Irredeemables †		8.89	8.98	8.91
	Index-Linked				
11	Inflat'n rate 5%	5 yrs.	2.59	2.56	4.01
12	Inflat'n rate 5%	Over 5 yrs.	3.80	3.80	3.47
13	Inflat'n rate 10%	5 yrs.	2.26	2.23	2.80
14	Inflat'n rate 10%	Over 5 yrs.	3.74	3.73	3.31
15	Debs &	5 years	10.15	10.18	10.00
16	Loans	15 years	10.15	10.17	10.30
17		25 years	10.15	10.17	10.36
18	Preference †		10.23	10.22	10.56

‡ Opening index 2290.6; 10 am 2293.0; 11 am 2283.8; Noon 2286.2; 1 pm 2287.6; 2 pm 2285.8; 3 pm 2286.7; 3.30 pm 2288.8; 4 pm 2288.6

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		CALLS July	CALLS Oct.	CALLS Jan.	PUTS July	PUTS Oct.	PUTS Jan.
Allied Lyons (*429)	390	43	60	70	2	[illegible]	[illegible]
	420	18	42	53	7	[illegible]	[illegible]
	460	4	21	33	35	[illegible]	[illegible]
Brit. Airways (*147)	130	19	28	—	2	[illegible]	[illegible]
	140	9	20	29	6	[illegible]	[illegible]

[illegible]

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§132	F.P.	30/6	204	153	B.D.A. Hldgs. 10p	202	......	L2.5	3.70	1.7	22.1
477	F.P.	—	122	90	Barrez (Henry) 10p	118	+1	R2.81	2.2	3.3	18.7
§77	F.P.	30/6	110	96	♦Bondedl.am'ates10p	109	−1	L2.4	2.4	3.0	19.1
155	F.P.	—	172	158	Britannia Group (5p)	171	......	R3.85	3.0	3.1	14.8
—	F.P.	—	23	20	ChildHealthRes.Wrts	21½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA

June 30	Price Sch%	+ or −
Creditanstalt	1919.00	.....
Goesser	2650.00	.....
Interunfall	11860	.....
Jungbunzlauer	7780	.....
Laenderbank	2815	.....
Perlmooser	690	.....
Steyr-Daimler	119	.....
Veitscher Mag	789	.....

BELGIUM/LUXEMBOURG

June 30	Price Frs.	+ or −
B.B.L.	3250	.....
Banque Gen. Du. L.	15300	.....
Bank Intl. A	14300	.....
Bekaert B	11525	+25
Ciment CBR	5860	−40
Cockerill	171	+3
Delhaize	3990	.....
EBES	5020	−40
Fabrique Nat	1500	−50
GB Inno BM	1166	.....
GBL (Brux) L	3600	−25
Generale Bank	6360	−20
Gevaert	6990	−10
Hoboken	7110	−80
Intercom	4025	−35
Kredietbank	4520	.....
Pan Holdings	12600	.....
Petrofina	11675	+75
Royale Belge	6100	−200
Soc Gen Belge	3880.00	−20
Sofina	14575	+75
Solvay	12550	−50
Stanwick Intl.	450	.....
Tractebel	7190	+40
UCB	10000	+10
Wagons Lits	5490	+20

DENMARK

June 30	Price Kr%	+ or −
Baltica Skand	955	+5
Cop Handelsbank	276	−2
D. Sukkerfab	315	−5
Den Danske Bank	348	−4
East Asiatic	196	−3
Forenede Brygg	840	+5
GNT Holding	247	−3
I.S.S.B. Systems	785	.....
Jyske Bank	530	−10
Novo Inds.	276	−4
Privatbanken	274	−1
Sophus Berendsen	895	−5
Superfos	237	+3

FINLAND

June 30	Price Mka	+ or −
Amer	231	+5.5
KOP	50.9	+0.35
Kone	230.5	−2
Finnish Sugar	93	+6.25
Nokia	185	−3.9
Pohjola 'B'	82.45	+0.55
Rauma-Repola	27.75	+0.86
Stockmann 'B'	246	+6
UBF 'C'	33.5	+0.7
Utd. Paper	158.5	+4
Wartsila (S11)	218.5	.....

FRANCE

June 30	Price Frs.	+ or −
Emprunt 4½% '73	1868	+4
Emprunt 7% 1973	8780	+21
Accor	470.00	−10
Agence Havas	514.00	−1
Air Liquide	678	+8
BIC	740	+10
BNP (Cert. Inv.)	553	+2
Bongrain	2800	.....
Bouygues	1074	+4
BSN Gervais	4620	−70
CIT-Alcatel	2330	−70
Carrefour	3119	−1
Club Mediterranee	586.00	.....
Cie Bancaire	668	+19
Cofimeg	357.00	−6
CGE	316.00	−4
Damart	2605	+35
Darty	396	−16
Dumez S.A.	2136	+16
Eaux (Cie Gen)	1244	+26
Elf-Aquitaine	365.50	−0.5
Essilor	3530	−5
Gen. Occidentale	1158	−12
Imetal	132.40	+0.3
Lafarge Coppee	1550	+9
L'Oreal	3450xc	.....
Legrand	5450	−30
Maisons Phenix	81.50	+1.7
Matra S.A.	2285	+15
Michelin B	3120	−10
Midi (Cie)	1300	−10
Moet-Hennessy	2605	+25
Moulinex	77	−1
Nord Est	162.50	−4.6
Paribas	460.00	+12
Pernod Ricard	960	−10
Perrier	774	−9
Petroles Fra	452.00	−6
Peugeot S.A.	1510	+1
Printemps Au	667	−4
Radiotech	1408	−26
Redoute	2955	−29
Roussel-Uclaf	1450	−52
St. Gobain	428.00	−2
Sefimeg	496	+1
Skis Rossignol	1165	−5
Telemech Elect	2920	−30
Thomson (CSF)	1340	+10
Valeo	565.00	

GERMANY

June 30	Price Dm.	+ or −
AEG	312.00	−4.2
Allianz Vers	1775.00	−3
BASF	295.50	−2.5
Bayer	326.00	−3
Bayer-Hypo	418.00	−3
Bayer-Verein	415.00	−8
BHF-Bank	493.00	−8
BMW	678.00	−4
Brown Boveri	310.00	−2.5
Commerzbank	269.50	−2.8
Cont'l Gummi	330.70	−2.3
Daimler-Benz	1100.00	−17
Degussa	485.00	−2
D'sche Babcock	230.00	−1
Deutsche Bank	634.50	−1.5
Dresdner Bank	329.50	−3
Feld Muehle Nob	308.00	.....
Henkel	526.00	−9
Hochtief	626.50	+0.5
Hoechst	297.00	−3.5
Hoesch Werke	114.20	−0.5
Holzmann (P)	400.00	+10
Horten	221.20	−1.8
Hussel	367.00	+5
Karstadt	466.50	−0.5
Kaufhof	466.20	−4.6
KHD	172.40	−2.1
Kloeckner	40.00	−1
Linde	725.00	−4
Lufthansa	178.50	−2.5
MAN	175.50	+2.5
Mannesmann	162.50	−1
Mercedes Hld.	940.00	−5
Metallgesell	335.00	+4.5
Muench Rueck	1870	−50
Nixdorf	806.50	−11.5
Porsche	970.00	−47
Preussag	160.00	+2.5
Rhein West Elect.	216.00	−1.5
Rosenthal	257.00	−4
Schering	565.00	−5
Siemens	707.00	−24.5
Thyssen	122.80	−1
Varta	341.00	−6
Veba	307.20	−3.8
V.E.W.	165.30	−2.7
Verein-West	403.00	−2
Volkswagen	417.00	−8.5

ITALY

June 30	Price Lire	+ or −
Banca Com'le	23499	−61
Bastogi-IRBS	647	−8
CIR	6040	−10
Credito Italian	1970	−30
Fiat	12900	−100
Generali Assicur	132450	−550
Italcementi	101400	+400
La Rinascente	1235	−30
Montedison	2380	−30
Olivetti	12810	+10
Pirelli Co	6380	−20
Pirelli Spa	5060	−1
Saipem	3499	−31
Snia BPD	3600	−75
Toro Assic	31070	−1430

NETHERLANDS

June 30	Price Fls.	+ or −
ACF Holding	61.5	−1.7
AEGON	94.5	−1.3
Ahold	104.8	+0.6
AKZO	156.2	+0.6
ABN	483.5	+0.5
AMEV	65.20	−0.3
AMRO	78.40	−0.4
Bredero Cert	12.00xc	.....
Buehrmann-Tet	54	−0.8
Dordtche Petroleum	247.8	+4.8
Elsevier Ndu	53.9	+0.4
Fokker	59	−0.6
Gist Brocades	46	−0.8
Heineken	179.5	−1
Hoogovens	44.3	−0.7
Hunter Douglas	55.5	−0.2
IHC Caland	22.1	−0.2
Int Mueller	66.8	−1.2
KLM	50.7	−0.7
KNP	146.5	−1
Nat Ned Cert	73	−1.2
Ned Mid Bank	174	.....
Ned Lloyd	153.5	.....
Oce Grinten	452	+7
Ommeren (Van)	37.2	−0.4
Pakhoed	75.8	−1
Philips	51.6	−0.3
Robeco	104.7	−0.1
Rodamco	139.5	.....
Rolinco	99.3	−0.1
Rorento	52.5	+0.2
Royal Dutch	273.8	+4.2
Unilever	136.8xc	+0.5
VMF Stork	24.1	−0.6
VNU	86.3	+0.3
Wessanen	88.5	.....
Wolters Samsom	131.8	−0.2

NORWAY

June 30	Price Kroner	+ or −
Aker-Norcem	79.00	
Bergen Bank	173.50	+0.5
Borregaard B	375.00	−4
Christiania Bk	178.00	
Den Norsk Credit	152.50	−1
Elkem	102.00	+2
Kosmos	136.50	
Kvaerner	218.00	+11
Norsk Data	217.00	−1
Norsk Hydro	211.50	+8
Orkla Borregaar	368.00	−27
Storebrand	345.00	+3

SPAIN

June 30	Price Pts.	+ or −
Banco Bilbao	1358.00	−13
Banco Central	1033.00	.....
Banco Exterior	425.00	−20
Banco Hispano	499.00	.....
Banco Popular	1580.00	.....
Banco Santander	1137.00	.....
Banco de Vizcay	1850.00	.....
Banesto	784.00	−14
Dragados	870.00	.....
Hidrola	85.00	.....
Iberduero	125.70	+7.5
Petroleos	543.00	−14.5
Telefonica	195.00	−9.5

SWEDEN

June 30	Price Kronor	+ or −
AGA (free)	202	−2
Alfa-Laval	318	+2
ASEA (Free)	360.00	.....
Astra (Free)	281	.....
Atlas Copco	172	−2
Beijer A Fria	229	−1
Cardo (Free)	230	.....
Cellulosa	345	−2
Electrolux B	287	−1
Ericsson	249	−2
Esselte	160	+4
Mo Och Domsjo	385	.....
Pharmacia	202	−1
Saab-Scania (free)	630	.....
Sandvik	171	+1
Skandia	150	−1
Skan Enskilda	129.00	.....
SKF	343	+4
St. Kopparbergs	385	−1
Svka Handelsbn	443	−5
Swedish Match	104	.....
Volvo B (Free)	309	−1

SWITZERLAND

June 30	Price Frs.	+ or −
Adia Intl.	11900	−50
Alusuisse	660	.....
Bank Leu	3225	−25
Brown Boveri	2375	.....
Ciba Geigy	3690	.....
do. (PtCts)	2480	.....
Credit Suisse	3165	−10
Elektrowatt	3600	−100
Fischer (Geo.)	1495	+20
Hoff-Roche (Pt Cts)	133000	−500
Hoff-Roche 1/10	13325	+75
Jacobs Suchard	9100	+50
Jelmoli	3600	+50
Landis & Gyr	1580	.....
Nestle	9775	+90
Oer-Buhrle	1335	−45
Pargesa Hldg	2220	+10
Pirelli	432	+5
Sandoz (Br)	12600	.....
Sandoz (PtCts)	2145	−5
Schindler (PtCts)	820	−20
Sika	1640	+15
Surveillance	6550	+50
Swissair	1340	.....
Swiss Bank	465	.....
Swiss Reinsce	17000	−200
Swiss Volksbk	2140	+10
Union Bank	4790	−10
Winterthur	6575	−25
Zurich Ins	6700	−50

AUSTRALIA

June 30	Price Aust$	+ or −
ACI Int.	4.00	.....
A.F.P.	2.55	−0.03
Adelaide Steams	8.10	+0.12
Amcor	4.70	.....
ANZ Group	4.18	−0.04
Ampol Pet	3.10	−0.05
Ariadne Aust	2.72	+0.07
Ashton	3.36	+0.06
Aust Guarant	2.85	.....
Aust Nat Inds	1.97	+0.05
Bell Group	7.70	.....
Bell Resources	4.06	+0.01
Bond Corp Hldgs	2.48	.....
Boral	5.14	+0.08
B'ville Copper	4.20	−0.05
Brambles Inds	8.90	+0.06
Bridge Oil	1.42	−0.06
BHP	9.72	.....
BHP Gold	1.20	.....
Burns Philp	4.60	+0.3
CRA	8.30	−0.2
CSR	4.00	−0.03
Chase Corp	2.82	+0.02
Claremont Petro	1.10	+0.05
Coles Myer	7.10	+0.1
Comalco "A"	3.45	+0.07
Consolidated Pet	0.17	+0.01
Costain Aust	2.40	−0.05
Elders IXL	4.75	
Energy Res	2.70	
Gen Prop Trust	3.35	+0.02
Goodman Fielder	3.70	−0.05
Hardie (J.)	3.65	
Hartogen Energy	3.25	−0.05
ICI Aust	4.00	+0.1
Industrial Equity	4.50	+0.05
Jimberlana (50cFP)	0.55	+0.05
Jones (David)	10.60	+0.1
Kia Ora Gold	1.10	+0.05
Kidston Gold	6.60	
Lend Lease	14.15	−0.05
MIM	2.29	−0.01
Mayne Nickless	4.60	
Nat. Aust. Bank	4.65	

AUSTRALIA (Continued)

June 30	Price Aust$	+ or −
News	18.50	−0.3
Noranda Pacific	3.60	+0.1
North Bkn Hill	2.72	+0.02
Oakbridge	0.55	.....
Pacific Dunlop	4.85	−0.1
Pancont'l	3.50	−0.15
Pioneer Conc	3.38	+0.06
Placer Pacific	3.50	−0.05
Poseidon	4.80	+0.05
Queensland Coal	1.56	−0.02
Santos	6.70	−0.1
Smith (H.)	4.70	.....
Thos Natwide	4.40	+0.05
Tooth	7.96	−0.04
Vamgas	3.70	.....
Western Mining	6.06	−0.2
Westpac	4.88	+0.03
Woodside Petrol	2.10	.....
Woolworths	3.20	−0.08
Wormald Intl	3.15	+0.05

HONG KONG

June 30	Price H.K.$	+ or −
Bank East Asia	26.20	+0.5
Cathy Pacific	6.20	+0.15
Cheung Kong	32.70	.....
China Light	23.20	+0.1
Evergo	0.66	.....
Hang Lung	14.70	.....
Hang Seng Bank	41.00	+0.25
Henderson Land	6.75	+0.05
Hong Kong China	18.40	+0.3
HK Electric	9.35	+0.05
HK Land	7.05	.....
HK Shanghai Bank	9.15	+0.05
HK Telephone	13.90	+0.2
Hutchison Wpa	13.40	+0.1
Indust Equity P	20.30	+0.2
Jardine Math	17.80	−0.2
New World Dev	12.90	+0.2
SHK Props	16.90	+0.6
Shell Elec. Mfg	1.48	+0.04
Swire Pac A	23.50	+0.5
TV-B	14.20	+0.1
Wharf Hldgs	9.20	+0.05
Windsor Ind.	12.40	+0.2
World Int Hldgs	4.15	.....

JAPAN

June 30	Price Yen	+ or −
Ajinomoto	3100	−50
All Nippon Air	1770	−50
Alps Electric	2400	+70
Asahi Chemicals	1140	−20
Asahi Glass	1930	−20
Bank Tokyo	1650	−90
Bridgestone	1050	−30
Brother Inds.	651	−19
Canon	951	−9
Casio Computers	1310	+10
Chugai Pharm	1890	.....
Daiei	1790	+10
Dai Ichi Kan Bank	3100	−170
Dai Nippon Ink	780	−15
Dai Nippon Ptg	2180	+60
Daiwa House	2310	−30
Daiwa Sec	2740	−70
Eisai	2280	+70
Fanuc	6150	+390
Fuji Bank	3250	−60
Fuji Film	3860	+70
Fujisawa	2240	−40
Fujitsu	1130	.....
Fujisawa Elect	720	−10
Green Cross	2660	−70
Heiwa Real Est	1680	−70
Hitachi	1200	+30
Hitachi Credit	1660	−60
Honda	1670	−20
Indl Bank Japan	4300	−210
Ishikawajima Ha	620	−25
Isuzu Motors	385	−5
Itoh (C)	769	−10
Ito Yokado	4090	−60
JAL	13700	−100
Jusco	1720	.....
Kajima	1630	−100
Kao Soap	2070	−10
Kawasaki Steel	236	−3
Kirin	2540	−100
Kobe Steel	262	−6
Komatsu	678	+11
Konishiroku	890	+24
Kubota	580	−22
Kumagai	1030	−40
Kyoto Ceramic	5890	+90
Marubeni	511	−24
Marui	3470	−20
Mazda Motors	425	−5
Meiji Seika	1150	−10
MEI	2280	+60
M'bishi Bank	3200	−100
M'bishi Chem	1170	−20
M'bishi Corp	1230	−40
M'bishi Elec	675	+26
M'bishi Estate	2700	−90
MHI	582	−15
Mitsui Bank	2450	−100
Mitsui Co.	760	−15
Mitsui Estate	2280	−130
Mitsui Toatsu	735	−10
Mitsukoshi	1770	
NGK Insulators	890	+4
Nikko Sec	2200	−130
Nippon Denso	1620	+30
Nippon Elect	2160	+60
Nippon Express	1190	−40
Nippon Gakki	1600	−30
Nippon Kogaku	882	−7
Nippon Kokan	249	−4
Nippon Oil	1170	−10

JAPAN (Continued)

June 30	Price Yen	+ or −
Nippon Seiko	560	+5
Nippon Shimpan	1330	.....
Nippon Steel	305	−10
Nippon Suisan	612	−15
Nippon Yusen	587	−12
Nissan Motor	730	+11
Nisshin Flour	1280	+70
Nomura	4330	−160
Olympus	1130	+30
Onoda Cement	678	−20
Orient Finance	1520	−50
Orient Leasing	3950	+100
Pioneer	3080	+100
Ricoh	1040	+10
Sankyo	1920	+60
Sanwa Bank	2810	−170
Sanyo Elect	565	+7
Sapporo	1900	−80
Sekisui House	2330	−10
Seven-Eleven	8250	−40
Sharp	1180	+50
Shimizu Const.	914	−41
Shionogi	1740	+10
Shiseido	2050	−100
Showa Denko	671	−11
Sony	4250	+110
S'tomo Bank	3920	−200
Sumitomo Chem	915	−8
Sumitomo Corp	995	−15
S'tomo Elect	1890	+30
S'tomo Metal	223	−2
Taisei Corp	1020	−40
Taisho Marine	1150	−10
Taiyo Kobe Bank	1610	−60
Takeda	3180	−20
TDK	4050	+70
Teijin	796	−27
Toa Nenryo Kyo	2030	−10
Tokai Bank	2250	−40
Tokyo Marine	2190	−70
Tokyo Elect Pwr	6340	−260
Tokyo Gas	1050	−30
Tokyu Corp	1670	−90
Toppan Print	1660	+20
Toray	708	−2
Toshiba Elect	704	+39
Toyo Seikan	2610	−10
Toyota Motor	1950	+50
UBE Inds	463	−14
Victor	3160	+140
Yamaha	830	.....
Yamaichi Sec	2280	−30
Yamanouchi	4240	+70
Yamazaki	1610	−30
Yasuda Fire	1080	−80

SINGAPORE

June 30	Price $	+ or −
Boustead Hldgs	2.02	−0.02
Cerebos Pacific	5.60	.....
Cold Storage	4.60	−0.1
DBS	14.10	−0.5
Genting	6.65	.....
Haw Par Bros	5.05	−0.05
Hong Leong Fin	4.80	−0.1
Inchcape Bhd	5.45	−0.2
Keppel Shipyard	3.64	−0.06
Malay Banking	7.60	−0.1
Malayan Utd. Ind.	2.42	.....
Multi Purpose	0.91	−0.01
OCBC	9.45	.....
OUB	4.54	.....
Public Bank	2.54	−0.01
Sime Darby	3.48	−0.02
Singapore Air	12.90	.....
Singapore Press	9.00	.....
Straits Trading	4.44	−0.04
Tat Lee Bank	3.50	+0.02
UOB	5.75	.....

SOUTH AFRICA

June 30	Price Rand	+ or −
Abercom	3.15	−0.1
AE & CI	17.75	.....
Allied Tech.	150.00	.....
Anglo Am Coal	34.00	.....
Anglo Am Corp	81.75	+1.25
Anglo Am Gold	396.00	+38
Barclays Bank	21.50	−0.25
Barlow Rand	24.40	−0.1
Buffels	72.00	+2
CNA Gallo	4.50	+0.05
Currie Finance	5.40	−0.05
De Beers	40.50	
Driefontein	79.25	+0.25
Freegold	52.50	+1.5
Gold Fields SA	80.00	+2.5
Highveld Steel	6.80	
Malbak Hldgs	19.25	−0.25
Nedbank	8.15	+0.05
OK Bazaars	18.50	
Rembrandt	25.00	
Rust Plat	52	+0.13
Safren	28.00	
Sage Holdings	16.00	−1.25
SA Brewers	19.00	+0.25
Smith (C.G.)	44.50	
Tongaat Hulett	12.40	

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. • Price in Kroner.

CANADA

TORONTO
Closing prices June 30

Sales	Stock	High	Low	Close	Chng
2084	AMCA Int	$10⅝	10¼	10¼	−¼
22672	Abitibi Pr	$34½	34¼	34½	
1000	Acklands	$18⅜	18⅜	18⅜	
14700	Agnico E	$30	29¾	30	+½
41780	Albrta En	$20⅜	20⅛	20¼	−⅛
600	Albrta N	$14½	14⅜	14½	
114720	Alcan	$40½	39¾	40⅜	+⅝
550	Algo Cent	$22⅝	22⅝	22⅝	−¼
2961	Algoma St	$16¼	16	16¼	+¼
43500	Asamera	$12⅞	12⅝	12¾	
4157	Atco I f	$11½	11¼	11¼	−⅛
5506	BC Sugar A	$29½	29	29	−½
7470	BGR A	$13⅜	13	13⅜	+¼
91984	BP Canada	$22¾	22½	22¾	
11750	Banister C	$13¼	13	13¼	
40884	Bk BCol	60	58	59	+1
322945	Bk Montl	$34	33⅝	33¾	+⅛
218835	Bk NScot	$18⅛	17¾	17⅞	+⅛
130987	Bell Can	$42⅝	41⅞	42⅛	−¼
24286	Bow Valy	$20¼	19½	19⅝	−½
28300	Bralorne	250	210	235	+30
2250	Bramalea	$23¼	23	23	
9000	Brascan A	$35¼	34⅝	35¼	+⅝
104400	Brkwater	$8⅛	7⅞	7⅞	+⅛
1900	Brenda M	$13¾	13½	13¾	+⅜
52785	BC ForP	$21⅜	21⅛	21⅛	+¼
47520	BC Res	124	121	122	+2
8851	BC Phone	$28	27¾	28	−⅛
544	Brunswk	$15⅞	15⅞	15⅞	
52605	CAE	$10½	10¼	10½	+⅛
20600	CCL B f	$14¼	14	14	
350	CIL	$29⅞	29⅞	29⅞	
8800	Cad Fry	$32¾	32⅝	32⅝	
101600	Cambridg	$28	27¾	27¾	
10304	Camp RLk	$34¼	33⅝	34	+½
2500	Camp Res	290	285	285	
13460	Camp Soup	$20¾	20½	20¾	+⅜
67825	Campeau f	$38½	37⅜	38½	+1¼
4791	CCem ex p	$15⅝	15⅜	15⅜	−⅛
297609	CDC f	$14½	13⅞	14½	+⅝
[illegible]					
2100	Canron A	$16¼	16⅛	16¼	+⅛
1750	Cara	$12½	12⅜	12½	+⅛
350	Cara A f	$11¾	11¾	11¾	
1900	Celanese	$21	20⅝	20⅝	−⅜
24900	CentFd A	$9¼	8⅞	9¼	+⅜
3791	Chieftan	$14¼	14	14	
122050	CHUM B f	$15⅝	15	15½	+¼
37739	Cominco	$16⅜	16	16⅜	+½
119300	Computlog	$8⅞	8½	8⅝	−⅛
4800	Comput In	320	315	320	+10
1000	Comterm	90	90	90	+5
58970	Con Bath A	$18	17⅞	17⅞	−¼
3100	CDistb B f	450	445	450	+5
2857	Cons Gas	$27	26¾	27	
17110	Con Glass	$25	24½	25	+⅞
750	CTL Bank	340	340	340	−5
156	Conwest B	$12¾	12¾	12¾	+¼
2200	Corby	$20¾	20½	20¾	+1
700	Costain Ltd	$12⅞	12¾	12¾	−¼
6000	Coseka R	110	107	107	−1
150	Crownx	$16¼	16¼	16¼	+⅛
18973	Crownx A f	$7¾	7⅝	7¾	+⅛
20000	Czar Res	225	204	225	+21
21500	Denison A p	$7⅛	6⅞	7⅛	+¼
38400	Denison B f	$6⅜	6¼	6¼	
15000	Dicknsn A f	$11⅝	11⅝	11⅝	
3900	Dicknsn B	$11¾	11⅝	11¾	+¼
50356	Dofasco	$24½	24	24⅜	+⅛
98462	Dome Mine	$17⅛	16⅞	17⅛	+¼
112340	Dome Pete	115	112	114	+1
15842	D Textile	$20¼	19¾	19¾	−⅜
165881	Domtar	$19⅞	19½	19⅝	
7050	Donohue	$35¾	35¾	35¾	−¼
5400	Du Pont A	$30	29½	30	+¼
68550	Dylex A	$16	15⅝	15¾	
10000	E-L Fin	$65	62½	65	+2
88188	Echo Bay	$47⅜	46⅞	47	
49000	FCA Intl	$16⅞	16¾	16¾	
111785	Fcnbrdg	$21⅜	21	21¼	+⅛
55850	Fed Ind A	$17½	17	17½	+½
500	Fed Pion	$13	13	13	
10125	FCity Fin	$19	18⅞	19	+⅛
120	Ford Cnda	$176	176	176	+1
1620	Gandalf	$11	10⅞	10⅞	−⅛
13800	Geac Comp	275	270	270	−5
13100	Gendis A	$19½	19⅛	19½	+⅜
400	Giant Yk	$21½	21½	21½	+½
1600	Gibrltar	$11	11	11	−⅜
14934	Goldcorp f	$10½	10	10¼	+⅛
7300	Grafton A f	$14½	14	14½	+½
4940	GL Forest	$46	45½	45½	−½
500	Gt Pacific	$48	48	48	+½
[illegible]					
13800	Inter City	$19¼	19	19⅛	−⅛
91930	Intl Thom	$14	13¾	13⅞	−⅛
1825	Inpr Pipe	$51	50¾	51	
654	Ipsco	$10¾	10⅝	10⅝	+⅛
8750	Ivaco A f	$14⅞	14⅝	14⅞	+⅛
24767	Jannock	$20¼	20	20⅛	
191	Kerr Add	$23⅛	23⅛	23⅛	−⅜
2500	Kiena Gld	$20⅜	19⅞	20	
[illegible]					
2560	Redpath	$12⅞	12⅝	12¾	−⅛
1200	Regionl R	355	350	355	+5
2200	Reitman A f	$24¼	23½	24¼	+¾
51074	Rio Algom	$21¼	21	21¼	−¼
1100	Rogers A	$21¾	21½	21½	+¼
22675	Rogers B f	$21⅝	21¼	21⅜	+⅛
1000	Roman	$15½	15½	15½	−½
20420	Rothman	$79	79	79	
[illegible]					
37200	Trinity Res	90	85	90	+5
32656	Trizec A f	$33¾	33½	33½	−⅛
1808	Trizec B	$33¾	33¾	33¾	+¼
16073	Ulster P	285	275	280	+5
9100	Un Carbid	$17⅞	17⅝	17⅝	−¼
174	U Conso	115	115	115	−1
1245	Un Corp	$50	49	50	+2
20000	Verstl A f	74	66	70	
125300	Verstl B	63	55	60	−4
7100	Vestgron	115	100	115	
7800	Vulcan Ind	300	290	300	+5
570	Wajax A	$14¾	14¾	14¾	
63537	Wcoast T	$18½	18¼	18¼	
5350	Westmin	$11½	11¼	11¼	−⅛
19135	Weston	$41¾	41⅝	41¾	
748	Woodwd A	$6	6	6	−⅛

MONTREAL
Closing prices June 30

Sales	Stock	High	Low	Close	Chng
39608	Bank Mont	$34	33½	33¾	+⅛
100	BombrdrA	$23⅝	23⅝	23⅝	−¼
11402	BombrdrB	$23½	23¼	23½	+⅛
9050	CB Pak	$23¼	22⅝	22⅝	−½
54930	Cascades	$13	12¾	12⅞	+⅛
3550	ConBath	$18	17⅞	18	−⅛
2583	DomTxtA	$20⅛	19¾	19¾	−½
3300	MnlTrst	$14⅜	14¼	14⅜	+⅛
102597	NatBk Cda	$14⅜	14⅛	14¼	
22222	Noverco	$12⅛	12	12	
167905	Power Corp	$16⅞	16⅝	16¾	
80040	Provigo	$13⅜	11⅞	12⅜	+½
32204	Royal Bank	$34¼	33⅝	34⅛	+¼
730	SteinbrgA	$36¾	36¾	36¾	
15896	Video Tron	$16⅛	15⅞	16⅛	+¼

Indices

NEW YORK - DOW JONES

	June 30	June 29	June 26	June 25	June 24	June 23	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Industrials	2,418.53	2,446.91	2,438.89	2,451.05	2,428.41	2,439.73	2451.05 (25/6/87)	1927.31 (2/1)	2451.05 (25/6/87)	41.22 (2/7/32)
Transport	1,028.08	1,029.5	1,028.78	1,029.25	1,027.28	1,029.27	1029.79 (25/6/87)	816.38 (2/1)	1029.79 (25/6/87)	12.32 (8/7/32)
Utilities	205.99	207.22	207.11	210.18	207.51	208.14	227.83 (22/1/87)	191.39 (20/3)	227.83 (8/4/87)	10.5 (8/4/32)
Trading vol		—	158.54m	173.52m	154.18m	185.27m	—	—	—	—

	June 19	June 12	May 29	Year Ago (Approx)
Ind Div Yield %	2.61	2.63	2.63	3.66

STANDARD AND POORS

	June 30	June 29	June 26	June 25	June 24	June 23	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Industrials	351.15	356.56	355.73	358.31	358.26	357.84	353.22 (17/6/87)	274.58 (2/1/87)	355.73 (26/6/87)	3.62 (21/6/32)
Composite	304.00	307.90	307.29	308.96	306.25	308.43	309.65 (22/6/87)	246.45 (2/1/87)	309.65 (22/6/87)	4.40 (1/6/32)

	June 24	June 17	June 10	Year Ago (Approx)
Ind div yield %	2.49	2.42	2.46	3.77
Ind. P/E Ratio	23.46	23.25	22.71	21.54
Long Gov Bond Yield	8.4	8.48	8.73	—

N.Y.S.E. ALL COMMON

June 30	June 29	June 26	June 25	1987 High	1987 Low
171.87	172.88	172.67	173.55	176.77 (22/6)	141.61 (21/1)

RISES AND FALLS

	June 26	June 25	June 24
Issues traded	1,938	1,966	1,937
Rises	591	931	614
Falls	903	597	896
Unchanged	444	438	427

TORONTO

	June 30	June 26	June 29	June 25	1987 High	1987 Low
Metals & Minls	2,778.2	2,788.7	2,763.3	2,771.8	2,843.6 (11/5/87)	1,988.2 (2/1/86)
Composite	3,740.2	3,727.28	3,733.5	3,766.0	3,881.2 (6/4/87)	3,067.8 (2/1/86)
MONTREAL Portfolio	1,889.42	1,898.12	1,894.64	1,895.59	1,835.8 (6/4/87)	1,534.3 (2/1/85)

* Indicates pre-close figure

	June 30	June 29	June 26	June 25	1987 High	1987 Low
AUSTRALIA						
All Ord (1/1/80)	1765.8	1761.9	1748.3	1742.9	1858.8 (18/5)	1486.7 (2/2)
Metals & Minerals (1/1/80)	1029.0	1033.1	1006.6	1007.6	1287.5 (18/5)	729.1 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	185.94	(u)	182.26	182.57	230.60 (2/1)	182.21 (19/6)
BELGIUM						
Brussels SE (1/1/84)	4786.80	4800.76	4793.60	4785.54	4800.76 (29/6)	3987.86 (9/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	207.96	208.64	209.24	217.57 (22/1)	189.64 (6/1)
FINLAND						
Unitas General (1975)	560.6	554.4	552.9	544.80	560.6 (30/6)	425.2 (5/1)
FRANCE						
CAC General (31/12/82)	404.50	404.60	402.40	397.80	460.4 (26/3)	392.0 (2/1)
Ind Tendance (31/12/86)	101.80	101.70	100.80	98.90	117.2 (26/3)	97.8 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	619.23	624.68	625.01	621.94	676.84 (6/1)	538.32 (19/3)
Commerzbank (1/12/53)	1873.10	1892.20	1891.60	1882.50	2048.3 (6/1)	1633.8 (19/3)
HONG KONG						
Hang Seng Bank (31/7/64)	3178.19	3151.98	3138.68	3136.31	3178.96 (24/6)	2449.88 (20/1)
ITALY						
Banca Com. Ital (1972)	691.27	696.18	702.09	702.05	767.34 (30/4)	673.60 (3/3)
JAPAN**						
Nikkei (16/5/49)	24176.40	24509.41	25049.83	25031.35	25929.42 (17/6)	18544.0 (13/1)
Tokyo SE New (4/1/68)	2039.08	2076.91	2130.64	2134.25	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS						
ANP CBS Gen (1970)	306.80	306.60	305.60	303.40	306.80 (30/6)	257.7 (28/1)
ANP CBS Indust. (1970)	260.70	262.50	263.00	261.70	274.9 (5/1)	243.60 (11/6)
NORWAY						
Oslo SE (4/1/83)	432.26	429.57	431.46	429.45	436.16 (24/4)	361.98 (2/1)
SINGAPORE						
Straits Times (30/12/66)	1261.04	1265.70	1260.77	1256.66	1265.70 (29/6)	889.08 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	(u)	2047.0	2032.0	2021.0	2308.0 (27/4)	1786.0 (19/3)
JSE Indust (28/9/78)	(u)	1917.0	1914.0	1906.0	1957.0 (19/5)	1423.0 (2/1)
SPAIN						
Madrid SE (30/12/85)	247.58	246.87	242.83	240.78	255.95 (23/2)	202.89 (8/5)
SWEDEN						
Jacobson & P (31/12/56)	2704.60	2711.40	2709.68	2709.60	2782.10 (6/5)	2111.39 (28/1)
SWITZERLAND						
Swiss Bank Corp (31/12/58)	613.0	612.70	612.0	610.1	613.30 (22/6)	564.5 (25/2)
WORLD						
M.S Capital Intl. (1/1/70)	(u)	464.60	470.10	470.30	480.30 (12/6)	361.3 (2/1)

**Saturday June 27: Nikkei Index: 24,902.72.

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia, All Ordinary and Metals—500. NYSE All Common—50, Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Santa Fe	4,399,600	58¼	+4	Comw Ed	2,801,500	34½	−¾
Verity Cp	3,862,500	2⅛	unch	Bk Tx Grp	1,778,700	³⁄₃₂	+¹⁄₆₄
ATT	3,486,900	27⅞	−⅜	IBM	1,465,300	164	−1⅜
Pacific Tel	2,321,800	26⅞	−1	Phillips Pet	1,282,300	16½	unch
Texaco	2,151,800	40⅛	+⅜	Burl Nor	1,185,900	81¼	+3½

Advances 319 Declines 984

LONDON – Most Active Stocks
Thursday, June 30, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Gen Elect	14.0m	247	+5½	TSB	3.9m	90¼	−½
BP	8.6m	386	−3	Plessey	5.3m	226	−1½
Hanson Tr.	7.7m	173½	−1½	Sears	4.3m	158½	+3½
Brit Gas	7.3m	175½	−5½	ASDA-MFI	3.5m	190½	−3½
Britoil	5.6m	308½	−7½	Comm Union	3.5m	367½	+12½

TOKYO – Most Active Stocks
Tuesday, June 30, 1987

	Stocks Traded	Closing Prices	Change on Day		Stocks Traded	Closing Prices	Change on Day
Mitsubishi Elec	55.84m	675	+26	Matsushita Elec Ind	12.04m	2,280	+60
Nippon Steel	31.60m	305	−10	Kawasaki Steel	11.79m	236	−3
Hitachi Ltd	20.88m	1,200	+30	Tokuyama Soda	11.47m	740	+42
Sanyo Elec	17.69m	565	+7	Citizen	11.12m	638	+48
Toshiba	13.64m	704	+36	Fuji Elec	10.92m	608	+32

LONDON Chief price changes
(in pence unless otherwise indicated)

RISES:

Brit. Land	330	+13
Brit. Vita	518	+17
Carls Capel	138	+9½
Christies Intl.	592	+25
Comm. Union	367½	+12½
Conns Est. Agnts	433	+5
Coutaulds	486	+9
Expamet	288	+9
Frstland Oil & Gas	50	+4
Grecoat	453	+28
Hill Sam.	486	+9
Jones (Earn.)	223	+68
Lanca	99	+8
Lnd & Mnchstr	340	+30
Marinex	38	+9
Mersey Dcks	150	+33
Nrthn Foods	313	+7
P & O Defd.	742	+25
Pikgntn Bros.	968	+21
P. Peck Intl.	304	+9
Savage	410	+25
SelecTV	49	+9
Stanley (A.G.)	153	+14
Wts Cty of Lndn	282	+16
Wellcome	449	+24
Willis Faber	408	+8

FALLS:

Acsis Jwlry	263	−15
Lloyds Bnk	368	−16
Mercury Intl.	446	−8

OVER-THE-COUNTER
Nasdaq national market, closing prices

Continued from Page 45

Stock	Sales (Hnds)	High	Low	Last	Chng
Nowell .54 30	482	60¼	59¾	59¾	−1½
Numrc .56 12	329	21	19¼	20¼	−¾
O O					
[illegible]					
R R					
RPM .72 20	159	21½	21¼	21½	+¼
RadSys 14	484	9¼	8⅞	8⅞	−⅛
Rainer 1.16 16	371	53½	53⅛	53¼	−⅛
Reeves 16	1080	10	9¼	9¼	−⅛
RgcyEl .20	428	8¼	8	8¼	+¼
[illegible]					
SomrSv	44	13⅛	12¾	13⅛	+¼
SonocPs 21	798	28½	28⅛	28½	−¾
SCarNs .96 11	84	22⅜	22⅛	22⅛	−⅛
Souest 28	46	20	19½	19½	−½
SthdFn	1216	[illegible]			
Soutrst .80 10	233	[illegible]			
[illegible]					
US Bcs .88 11	448	28¼	27¾	28	−¼
US HltC .16 20	7799	14⅝	14	14⅛	+½
US Sur .40 25	798	31⅝	31¼	31¾	+⅛
US Tm 1 11	134	35½	34½	35	−½
[illegible]					

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock		Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
35	20⅛	AAR	s	.50	1.6	22	84	32⅛	31¾	32⅛	−½
37	21⅞	ADT		.92	2.9	15	121	31⅞	31⅝	31⅞	+¼
27¾	16¾	AFG	s	.16	.6	12	664	27	25¾	27	+1
22⅜	8⅜	AGS	s			17	702	16¾	15⅝	16¾	+⅞
9⅝	4⅞	AM	Intl				284	7½	7¼	7⅜	−¼
62⅞	47¼	AMR				12	3703	60⅞	59	59¼	−1⅞
11¾	8	ARX	s			12	55	10½	10⅜	10⅜	
73½	28¾	ASA		2a	3.5		298	57¾	57	57⅝	+¾
20	8¾	AVX			1.8	89	67	17⅞	17¾	17⅞	
67	41	AbtLab		1	1.6	26	4231	63⅛	61	62⅝	−¾
28¾	16⅝	AccoWs		.44	1.5	26	2806	28⅝	28½	28½	
15⅛	9	AcmeC		.40	3.1	9	595	13	12⅝	12¾	
8⅜	6⅛	AcmeE		.32b	4.1	30	74	7⅞	7⅝	7⅞	+⅛
23⅞	19	AdaEx		3.49e	15.		75	22½	22	22¼	−¼
19½	11⅜	AdmM	s	.24	1.5	12	10	16	16	16	−¼
25	12⅛	AdvSys		.621	2.5	18	244	u25⅛	24¾	25	
24½	12⅞	AMD					2851	19¼	18⅞	19	−¼
54¾	48¾	AMD	pf	3	6.1		160	49½	48¾	49	−½
10¾	5¼	Adobe					85	9¼	9⅛	9⅛	−⅛
20½	13¾	Adob	pf	1.84	9.7		10	19	18⅞	18⅞	−⅛
21⅞	16⅝	Adob	pf	2.40	12.		33	21⅛	20¾	20¾	−⅛
15⅝	10⅜	Advest		.12a	1.0	9	158	12¼	12⅛	12⅛	−⅛
68¼	53	AetnLf		2.76	4.6	9	5443	59⅞	59⅜	59½	
53⅝	51⅛	AetL	pf	3.75e	7.3		2	51½	51⅜	51½	+⅛
64½	26½	AfilPb	s	.32	.5	32	719	61	60	61	+1⅛
28¾	18⅝	Ahmans		.88	4.1	7	6144	21½	20½	21½	+½
5¾	2⅞	Aileen					56	4¼	4⅛	4⅛	
50¼	29⅞	AirPrd		1	2.1	281	893	48¼	47	47	−1¼

Continued on Page 45

NYSE COMPOSITE CLOSING PRICES

Continued from Page 44

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
		X Y Z								
81¼	45⅝	Xerox	3	3.9	18	2986	78⅝	77	77¼	−1
55¼	54⅝	Xerox pf5.45		10.		32	54⅞	d54¼	54⅝	+¼
28¾	21½	XTRA	.64	2.5		405	25½	25⅛	25½	+⅛
27¼	15	Yorkln			17	87	25¾	26¼	25⅝	−⅛
8	2¼	Zapata				567	4⅝	4½	4⅝	
43⅞	20¾	Zayre	.40	1.4	17	6270	28	27½	27⅞	+¼
14¼	9¾	Zemex	.40	3.1	8	4	13	13	13	
29¼	19⅞	ZenithE				671	25⅝	25⅜	25¼	−½
17	8	ZenLab				345	10½	10¼	10½	
19½	12⅛	Zero	.36	2.1	17	198	16⅞	16⅝	16⅞	+⅜
55⅛	32¾	Zurmin	1.36	2.6	18	179	52¾	51½	52¼	−⅛
10⅝	8¾	Zweig n.10e		1.0		2259	10	9⅞	10	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued on Page 43

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Bomb explosion talk demolishes summer's rally

WALL STREET

WALL Street's summer stock market rally was damaged yesterday by a small accidental explosion at the US embassy in Kuwait, *writes Roderick Oram in New York.*

Shares had been trading little changed before rumours flew in late morning that the embassy, at the heart of the Reagan Administration's plans to give naval support to Kuwaiti tankers plying the Gulf, had been bombed.

Stock and bond futures plunged, carrying prices in the cash markets with them as the Dow Jones industrial average plummeted 20 points in moments. Official reports from Kuwait quickly established that only an industrial gas cannister on an embassy construction site had exploded.

The bears had the over-bought market on the run, however, and prices continued to slide despite the reassuring reports. Fears of Middle East tensions, higher oil prices and resurgent inflation took their toll. It was the last trading day of the quarter but no portfolio window dressing was apparent.

Stock prices have enjoyed a slow rise to record levels in recent weeks but the narrow, lacklustre advance has left some analysts warning that the market was over-bought and ripe for correction.

The Dow Industrials closed down 28.39 points at 2,418.53 yesterday, its sharpest fall in six weeks. Broader market indices followed the trend with the Standard & Poor's 500 index off 3.89 at 304.01 and the New York Stock Exchange composite index down 1.92 at 171.07.

NYSE volume was moderate at 166m shares with declining issues outpacing those rising by a ratio of five-to-three.

Among the shares moving on more concrete news, Santa Fe Southern Pacific was the most active NYSE issue jumping $4 to $50¾. It announced a major restructuring triggered by the need to divest one or both of its railroads. A Washington regulatory agency refused yesterday to reconsider its earlier rejection of Santa Fe's takeover of Southern Pacific railroad.

A competitor, Kansas City Southern, rose $1¾ to $56⅞ after saying it would make an offer for Southern Pacific. Burlington Northern, up $5 to $82¾, said it was interested in buying some of the assets. Henley Group, which has a sizeable minority stake in Santa Fe, gained $⅝ to $25⅝.

United Technologies gained $1⅜ to $52⅜. It said it was weighing up offers for its Essex wire subsidiary.

Varity, formerly Massey-Ferguson, was unchanged at $2¼ on volume of nearly 4m shares which made it the second most active NYSE issue. Merrill Lynch, which launched yesterday a preferred share issue for the company, also bought a large block of common shares from an investment institution.

Pennzoil fell a further $3⅜ to $75¼ after falling $4 on Monday on news that the Securities and Exchange Commission would intervene on behalf of Texaco in the law suit between the two companies in which Pennzoil is seeking $10.3bn in damages.

GenCorp rose $¼ to $103 following the sale of its core tyre manufacturing operations to Continental of West Germany.

The credit market again took its lead from foreign markets overnight with Wall Street prices opening about ⅜ of a point higher. The main factors were a further rise in the dollar and reports of heavy Japanese buying of foreign bonds in June which prompted some short covering.

Prices eased during the morning, however, and were pushed down almost half a point from opening levels by the news of the Kuwait explosion. They recovered partially later leaving the 8.75 per cent benchmark Treasury long bond off only 1/32 of a point at 102 25/32 yielding 8.49 per cent.

Although the Japanese buying reports were confirmed in Tokyo, it turns out that purchases of US Treasury securities, while heavy, were concentrated in short term bills. Much of that buying was probably by the Bank of Japan which needed to invest the huge volume of dollars it has accrued through foreign exchange intervention to try to stop the yen rising further. Some of the short term securities were bought by investors, indicating their uncertainty about the outlook for interest rates and the dollar.

CANADA

GOLD SHARES nudged Toronto share prices higher in otherwise mixed and sluggish trading.

Mining and metal stocks were active and firmer, with Pine Point mines C$½ stronger at C$13½. Noranda, though, slipped C$⅛ to C$28⅛.

Oils were generally lower, although Encor Energy picked up C$⅛ to C$8⅛ and Trans Alta Utilities C$⅛ to C$25⅛.

In mixed industrials, Sears was busiest, picking up C$¼ to C$11⅞. Imasco, however, shed C$⅛ to C$25⅜.

SOUTH AFRICA

AN EASIER financial rand and a steady bullion price were reflected by gold shares closing slightly firmer in quiet month-end trading in Johannesburg.

Mining financials were mixed, Anglo American rising R1 to R81.50, while Gencor shed R1 at R53. De Beers was unchanged at R40.50. Buffels ended R2 higher at R72 and Beatrix firmed 25 cents to R19.25. Platinums mostly followed the trend, with Impala up 75 cents at R45.

George Graham in Paris on a FFr 2.16bn flotation

BNP spins off shareholdings

BANQUE Nationale de Paris (BNP) France's largest bank, has spun its main quoted shareholdings off into a new investment company which will be floated on the Paris stock exchange next week.

The flotation values the new company, Compagnie d'Investissements de Paris (CIP), at FFr 2.16bn ($353m) and marks a major step in opening up the state-owned BNP's capital to outside investors.

The bank is expected to be among the last of the state banks to be privatised because of its size. It has already floated 21 per cent of its capital in the form of non-voting certificates of investment, close to the 25 per cent maximum allowed to state sector companies before their privatisation.

Even without this restriction on raising new capital for the parent company, Mr Rènè Thomas, president of BNP, said the bank would have followed the policy of floating off minority stakes in its operating subsidiaries.

BNP has already carried out stock market flotations for its Spanish and Swiss offshoots, and Mr Thomas said yesterday that a Paris listing was planned for its French leasing subsidiary.

CIP brings together major quoted shareholdings previously held by the parent bank with some of the largest stakes owned by Banexi, BNP's investment banking and venture capital arm.

Investments in small unlisted companies will still be handled by Banexi, although the CIP portfolio does include a handful of unquoted companies, such as Matra Datavision.

Banexi will keep a 21 per cent stake in CIP, with 31 per cent retained by BNP directly and 38 per cent by its wholly owned subsidiary Société Financiér de Participation.

The total portfolio put together is booked on CIP's balance sheet at FFr 1.52bn, but Patrick du Bouzet, broker to the issue, estimates the net asset value at FFr 2.73bn, or FFr 228 per share.

The issue price of FFr 180 per share therefore represents a discount of 21 per cent to net asset value, compared with an eventual discount of 10 to 15 per cent anticipated by du Bouzet.

The portfolio is highly concentrated, with five holdings accounting for nearly 60 per cent of the total, and 85 per cent of the portfolio in quoted shares.

It presents a capsule sketch of recent corporate history in France – from the arrival of Mr Carlo De Benedetti, the Italian entrepreneur in whose Cerus holding company CIP owns 3.9 per cent, to the privatisation of St Gobain, the glass and packaging group in which CIP holds a 2 per cent stake, and to the takeover earlier this year of Lesieur by St Louis Bouchon, the sugar producer, which has left CIP with over 6 per cent of St Louis's capital.

Since sending its prospectus to the printers, CIP has also invested FFr 160m as part of an anti-predator package for the hotel group Accor, put FFr 100m into the family holding company of Peugeot, the car producer, and bought up on the stock exchange a holding – eventually expected to reach FFr 100m – in the recently privatised Compagnie Générale d'Electricité.

In fact, CIP has already more than invested the FFr 215m it raised in a capital increase earlier this year and expects to sell off part of its bond portfolio while keeping the equity warrants issued with these bonds.

EUROPE

Frankfurt falls on rumours of decline for Siemens

EUROPEAN BOURSES, with the exception of Frankfurt, experienced sluggish trading and small gains or losses.

Frankfurt, reacting to rumours that earnings per share will drop for Siemens in 1987, saw prices pushed down across the board in an active session on the bourse. Siemens dropped DM 24.50 to DM 707 and AEG fell DM 4.10 to DM 311.

In automobiles, VW shed DM 8.50 to DM 417, Daimler lost DM 17 to DM 1,100 and BMW declined DM 4 to DM 678. In chemicals, BASF lost DM 2.50 to DM 295.50, Bayer lost DM 3 to DM 326 and Hoechst fell DM 3.50 to DM 297.

High-tech PKI moved against the trend, gaining DM 8 to DM 823. Tyre maker, Continental, rose DM 2 at the opening on the news that it had succeeded in its bud for General Tire but the gains fizzled later and the issue ended at DM 330.70, down DM 2.30. The FAZ index fell 5.45 points to 619.23.

Amsterdam closed mixed, with the bourse all-share index down 0.5 at 97.6. Main interest was in the leading five stocks. Royal Dutch/Shell rose Fl 4.20 to Fl 273, while Akzo put on 60 cents to Fl 156.20. Food stores group Ahold attracted US attention and ended 60 cents higher at Fl 104.80.

Publishers showed slight gains but the market was waiting for a firm bid to emerge for the takeover of Kluwer, following the announcement of bid plans by Elsevier and Wolters Samson. Kluwer finished Fl 1.30 up on the day at Fl 398.50, Elsevier added 40 cents to Fl 53.90 and Wolters Samson was down 80 cents to Fl 131.80.

Paris prices continued firmer and finished narrowly higher, with the general market indicator closing 0.13 per cent up. Selected finance issues were favoured by interest rate optimism, with Electro-Financière up FFr 40 at FFr 1,120, Chargeurs up FFr 37 to FFr 1,389 and Paribas up FFr 12 at FFr 460.

In electronics, Thomson-CSF put on FFr 10 to FFr 1,340, Matra rose FFr 15 to FFr 2,285.

Brussels closed slightly weaker because of a general lack of interest in the market.

Trading in Reserve was still active, but the share lost BFr 20 to BFr 3,880, its first daily drop after last week's strong gains.

Zurich ended quietly steady in narrow trading marked by the summer lull and lack of fresh news, and the general bourse indices finished at 637.2, up 0.3.

In pre-bourse dealings the new bearer share of the pharmaceutical company, Ares-Sereno, made its debut at SFr 2,550, up SFr 675 from its SFr 1,875 issue price.

Milan closed lower in reduced trade, with losses spread across nearly all sectors. Fiat eased to L12,900 from L13,000 despite reporting good profits for the last financial year.

Stockholm closed lower in very thin trading and the Veckans Affarer all-share index slipped below the important psychological 1,000 mark, held yesterday, to 998.4.

Oslo finished higher across the board as foreign investors were drawn by a strong krona, coupled with sentiment that Norway's continued co-operation with OPEC would help boost the economy. The oil index rose 6.65 points to 287.60 while the all share index climbed 2.53 points to 330.97.

Madrid closed slightly higher despite a round of profit taking in the banks sector. The general share index closed 0.62 points higher.

LONDON

THE LONDON equities market closed down lower despite a rally helped by the good reception for GEC's results and increased dividend payment.

The FT-SE 100 index closed 5.2 down at 2,284.1, after showing a net loss of 10 points earlier. The FT Ordinary index, at 1,782.6, dipped 2.0.

Government bonds recovered to have a good session and closed just off the top, with net gains of ¾ in the long dated bonds. Details Page 42

ASIA

Tokyo Electric followed down by other utilities

TOKYO

SMALL-LOT selling depressed power utilities, financials and domestic demand-related stocks to send share prices sharply lower in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

In mid-morning, the Nikkei average of 225 select issues lost 615 points from the previous day, but later recouped some early losses as high-technology stocks gained ground. The market barometer closed 333.01 points lower at 24,176.40.

Volume rose to 701.27m shares from Monday's 506.56m. Losers far outpaced gainers by 670 to 264, with 87 issues unchanged.

Individual investors were the main sellers with institutions on the sidelines.

Tokyo Electric Power continued its fall, ending Y260 lower at Y6,340. This is 32 per cent down from its record high of Y9,420 set on April 22. The issue had led the bull market since the beginning of this year on the strength of the robust yen, falling crude oil prices and lower interest rates.

Other power and gas utilities fared poorly. Lansai Electric Power dipped Y80 to Y3.320 and Tokyo Gas Y30 to Y1,050.

Financial issues were big losers, with Dai-Ichi Kangyo Bank shedding Y170 to Y3,100, Sumitomo Bank Y200 to Y3,920, Yasuda Trust and Banking Y290 to Y2,240 and Nomura Securities Y160 to Y4,330.

Constructions, housing-related stocks and real estates fell broadly. Kajima Corp. fell Y100 to Y1,630, Misawa Homes Y110 to Y2,440 and Daiwa House Y30 to Y2,310. Mitsubishi Estate finished Y90 lower at Y2,700.

Large-capitalisation issues came under selling pressure, with Nippon Steel slipping Y10 to Y306 and Mitsubishi Heavy Industries Y13 to Y582. Nippon Steel was the second busiest issue with 31.60m shares changing hands.

In lacklustre trading, high-technology stocks and some pharmaceuticals came into the spotlight. The yen's weakness against the dollar prompted the view among investors that stocks in the sector will lead market activity in the months ahead.

Mitsubishi Electric topped the actives with 55.84m shares traded and jumped Y26 to Y675. Matsushita Electric Industrial rose Y60 to Y2,280, Sony Y110 to Y4,250, Hitachi Y30 to Y1,200, Fuji Electric Y32 to Y600 and NEC Y60 to Y2,160. Investment trust companies hunted these issues actively.

Daiichi Seiyaku soared Y140 to Y3,610, bolstered by reports that it is developing a drug to restore the decreased number of white blood cells commonly found in cancer patients. Dainippon Pharmaceutical closed Y100 higher at Y3,420.

Bond price moved erratically. The yen's fall to a three-month low on the currency market prompted institutional investors to step up investment in dollar bonds. As a result, the yield on the benchmark 5.1 per cent government bond, maturing in June 1996, rose to 3.995 per cent in early trading from 3.960 per cent at Monday's close.

Later, however, the benchmark issue came under buying pressure and its yield fell to 3.850 per cent before ending the day at 3.860 per cent.

In inter-dealer trading later, the yield turned up, standing at around 3.950 per cent, after nearly Y100bn worth of sell orders for the September contract were left unfilled on the futures market.

HONG KONG

STRONG institutional demand, notably for second-string issues, stretched Hong Kong share price gains despite late profit-taking. The Hang Seng index closed up 26.21 at 3,178.19, just below its June 24 record of 3,178.98.

Blue chips were selectively bought, with banks and properties faring best. Bank of East Asia was 50 cents up at HK$ 26.20 and Hang Seng Bank 25 cents higher at HK$41. Hongkong Bank rose 5 cents to HK$9.15.

Sun Hung Kai led properties with a 60 cent gain to HK$16.90, while New World added 20 cents to HK$12.90 and Wharf 5 cents to HK$9.15. Cheung Kong and Hongkong Land were steady at HK$12.70 and HK$7.05 respectively.

Elsewhere, Swire "A" rose 50 cents to HK$23.50 and Hutchison Whampoa 10 cents to HK$13.40.

Utilities, industrials and commercial issues joined the broad advance.

SINGAPORE

UNINTERRUPTED rises for six days in Singapore gave way to profit-taking on a broad front as moderate trading saw a lack of fresh buying orders. The Straits Times industrial index lost 4.66 points to 1,261.04.

Banks declined, with Development Bank of Singapore down 50 cents to S$14.10 Malayan Banking 10 cents to S$7.60, Overseas Chinese Banking Corp remained unchanged at S$9.45.

MBF Holdings put on 7 cents to S$1.58 on 2.1m units exchanged following news it agreed to acquire a 31 per cent stake each in Ganda Holdings, Samanda Holdings and Duff Bhd. Ganda rose 2.5 cents to 96.5 cents on a volume of 2.0m units. Samanda lost five cents to S$1.97, while Duff was untraded.

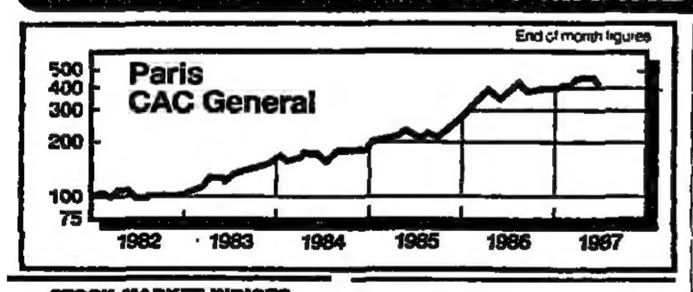
AUSTRALIA

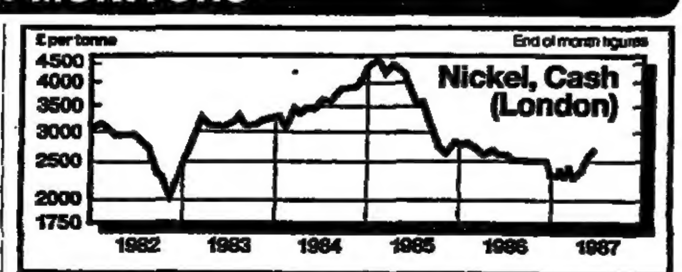
SELECTED oil stocks in Sydney followed the international price of oil upwards, but prices in general were little changed on the last day of the fiscal year. Industrials firmed but minings were soft. The All Ordinaries index edged up 3.9 to 1,765.8.

BHP closed unchanged at A$9.72 after Monday's news of a steeper-than-expected fall in earnings. Elders IXL, which is rumoured to be arranging the sale of its 20 per cent stake in BHP, was also steady at A$4.75.

Golds remained firm, but gains were small. A takeover bid for Hill 50 Gold Mine N.L at A$1.90 a share from Western Mining boosted Hill 50 shares by 36 cents to A$1.91.

KEY MARKET MONITORS





STOCK MARKET INDICES

	June 30	Prev	Year ago
NEW YORK			
DJ Industrials	2,418.53	2,446.91	1,892.72
DJ Transport	1,026.08	1,029.5	782.75
DJ Utilities	205.90	207.22	200.10
S&P Comp.	304.00	307.90	250.84
LONDON FT			
Ord	1,782.6	1,784.6	1,373.7
SE 100	2,284.1	2,289.3	1,649.80
A All-share	1,153.12	1,153.43	820.28
A 500	1,276.67	1,277.89	902.28
Gold mines	378.9	380.7	204.2
A Long gilt	9.18	9.21	7.91
World Act. Ind (June 29)	131.99	132.17	92.27
TOKYO			
Nikkei	24,176.40	24,509.41	17,654.2
Tokyo SE	2,039.08	2,076.91	1,369.24
AUSTRALIA			
All Ord.	1,765.8	1,761.9	
Metals & Mins.	1,029.0	1,033.1	
AUSTRIA			
Credit Aktien	185.94	–	242.84
BELGIAN SE	4,786.80	4,800.70	3,875.88
CANADA			
Toronto			
Met.& Mins.	2,778.2	2,763.3	2,106.0
Composite	3,740.2	3,733.5	3,085.5
Montreal			
Portfolio	1890.42	1,894.64	1,562.18
DENMARK SE			
SE	207.96	208.64	215.67
FRANCE			
CAC Gen	404.50	404.60	355.8
Ind. Tendance	101.60	101.70	84.16
WEST GERMANY			
FAZ-Aktien	619.23	624.68	639.08
Commerzbank	1,873.10	1,892.20	1,829.6
HONG KONG Hang Seng	3,178.19	3,151.98	1,739.11
ITALY Banca Comm.	696.27	698.16	665.75
NETHERLANDS ANP CBS			
Gen	305.80	306.80	289.4
Ind	260.70	262.50	265.6
NORWAY Oslo SE	432.28	429.57	380.45
SINGAPORE Straits Times	1,261.00	1,265.70	741.22
SOUTH AFRICA JSE			
Golds	–	2,047.0	1,242.2
Industrials	–	1,917.0	1,174.9
SPAIN Madrid SE	247.58	246.87	172.11
SWEDEN J & P	2,704.80	2,711.40	2,412.11
SWITZERLAND Swiss Bank Ind	613.0	612.70	581.4

COMMODITIES (London)

	June 30	Prev
Silver (spot fixing)	443.5p	434.05p
Copper (cash)	£991.50	£989.00
Coffee (September)	£1,272.00	£1,275.00
Oil (Brent Blend)	$19.025	$19.20

GOLD ($/oz)

	June 30	Prev
London	$446.75	$449.85
Zürich	$447.15	$448.75
Paris (fixing)	$444.72	$444.76
Luxembourg	$447.75	$446.30
New York (August)	$452.20	$449.40

CURRENCIES (London)

	US DOLLAR June 30	US DOLLAR Previous	STERLING June 30	STERLING Previous
$	–	–	1.6135	1.6010
DM	1.8255	1.8305	2.945	2.9305
Yen	146.75	146.75	236.75	235
FFr	6.09	6.1075	9.825	9.7775
SFr	1.5150	1.5220	2.445	2.4325
Fl	2.0550	2.0610	3.315	3.30
Lira	1,322	1,326	2,132	2,123
BFr	37.90	37.95	61.15	61.0
C$	1.3315	1.3335	2.1455	2.1350

INTEREST RATES

	June 30	Prev
Euro-currencies (3-month offered rate)		
£	9⅝	9⅝
SFr	3 13/16	3¾
DM	3 11/16	3 13/16
FFr	8⅛	8 5/16
FT London Interbank fixing (offered rate)		
3-month US$	7 5/16	7⅜
6-month US$	7½	7½
US Fed Funds	6¾*	6¾
US 3-month CDs	5.745*	7.1750
US 3-month T-bills	5.60*	5.67

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
June 30 (Sept)	91-07	92-09	91-04	91-31
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	93.92	93.95	93.89	93.92
Certificates of Deposit (IMM) $1m points of 100%				
(Sept)	–	–	–	–
LONDON				
Three-month Eurodollar $1m points of 100%				
(Sept)	92.59	92.65	92.58	92.45
20-year Notional Gilt £50,000 32nds of 100%				
(Sept)	121-04	123-12	122-23	122-13

US BONDS

Treasury

	June 30 Price	June 30 Yield	Prev Price	Prev Yield
7¼ 1989	99 27/32	7.512	99 29/32	7.495
7 1994	98 13/32	8.288	98 15/32	8.248
8¾ 1997	100 11/32	8.403	100 13/32	8.37
8¾ 2017	102 13/32	8.528	102 17/32	8.516

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	June 30 Return index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	–0.03
1–10	154.63	+0.12	6.66	–0.03
1– 3	144.03	+0.07	6.37	–0.03
3– 5	167.57	+0.17	6.71	–0.03
15–30	193.58	+0.56	7.78	–0.03

Source: Merrill Lynch

Corporate

	June 30 Price	June 30 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	93.24	6.40	93.22	6.40
SCBT South Central 10⅞ Jan 1993	103.0	10.16	102.50	10.28
Phibro Sal 8 April 1996	92.32	9.30	92.86	9.20
TRW 8⅜ March 1996	97.05	9.25	97.04	9.25
Arco 9⅞ March 2016	102.15	9.25	102.15	9.25
General Motors 8⅝ April 2016	85.65	9.60	85.65	9.60
Citicorp 9⅞ March 2016	92.79	10.15	92.35	10.20

Source: Salomon Brothers

* Latest available figures